Dianomi™

Annual Report 2021

Where digital advertising speaks louder

Dianomi™

FY 2021 Key Highlights

Revenue

£35.8 million

FY 2020: £28.4 million

Up by £7.4 million = 26% growth

Adjusted EBITDA*

£3.1 million

FY 2020: £2.4 million

Up by £0.7 million = 30% increase

Adjusted EPS**

8.27 pence

FY 2020: 6.41 pence

Up by 1.86 pence = 29% growth

Average spend by top 100 advertisers

£0.28 million

FY 2020: £0.22 million each

Up by £0.06 million = 27% increase

May 2021

Dianomi lists on AIM market

£5 million

raised for company development

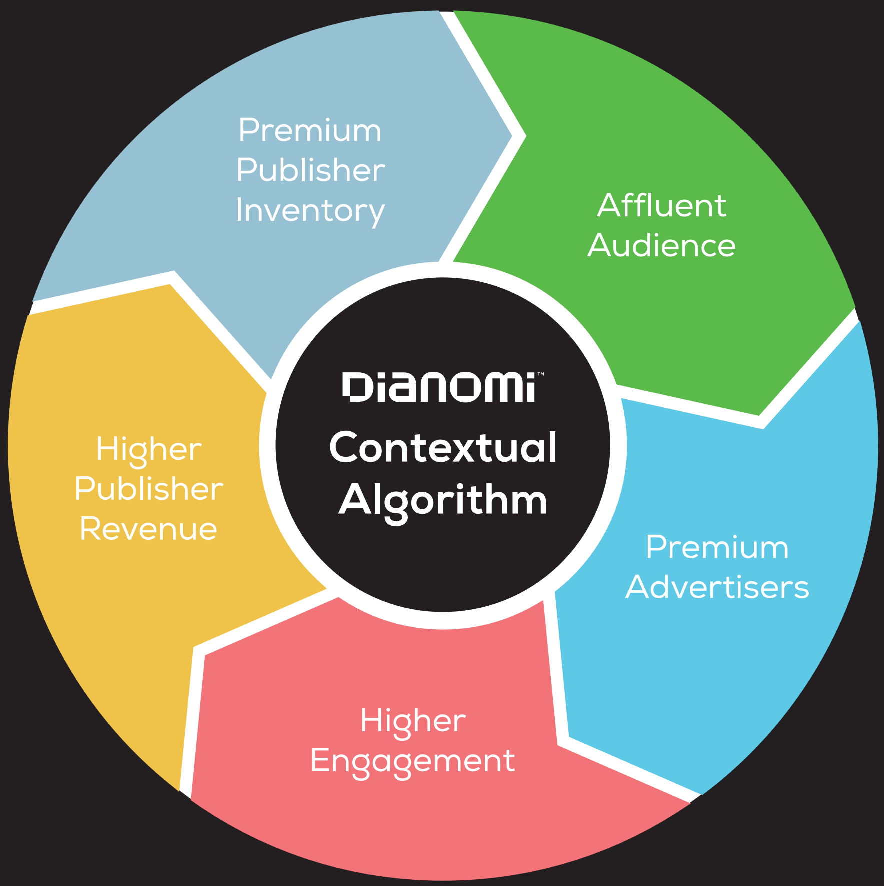
* Calculated as profit after tax before interest, tax, depreciation and amortisation in the financial year, adjusted for share-based payments and exceptional costs which are IPO related. This metric provides a more comparable indication of the Group's core business performance by removing the impact of non-trading items that are reported separately..

** Adjusted to exclude exceptional costs related to the IPO and share-based payments. Share numbers for 2020 have been adjusted to reflect the share reorganisation which took place in May 2021.

Contents

How Dianomi adds value to digital advertising

The Dianomi Contextual Algorithm creates a virtuous circle of premium advertising targeted at affluent audiences viewing premium content.



By engaging audiences precisely with contextual advertising placed alongside relevant content, Dianomi aims to ensure that premium publishers and premium advertisers both benefit.

Strategic Report

Native advertising with more bite

Dianomi™

Our Vision

To be the Number One Contextual Media Platform across the Premium Business, Finance and Lifestyle verticals.

Our Mission

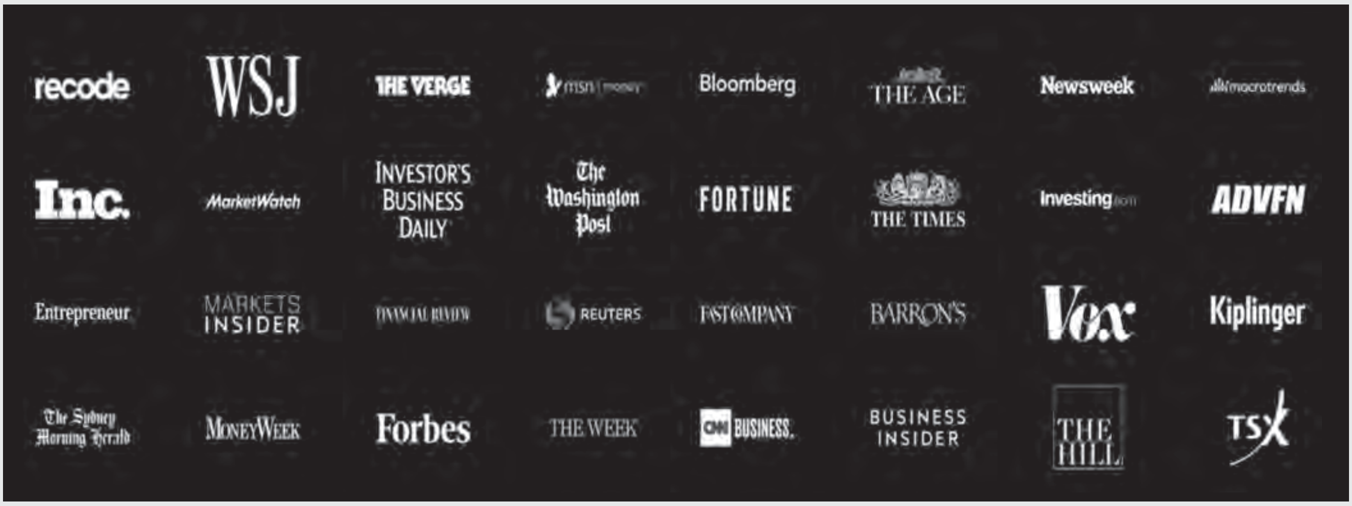
To harness the power of context and data to drive advertising audience engagement and publisher yield.

Dianomi's Contextual Media Platform

- Future-proofed for privacy regulation and cookie deprecation.
- Scalable across 100% of impressions, formats, browsers and devices.
- Real-time optimisation based on advertisers' campaign objectives/goals.
- Audience targeting based on the content's advertising engagement score.
- Delivers improved performance compared to third-party cookie-based audiences.

300+ premium publishers

Dianomi's current list of publishing partners includes:



400+ premium advertisers

Our premium advertising clients include:

Chairman's Statement

Michael Kelly, Non-Executive Chairman, reviews Dianomi's performance over the past year and looks ahead to building on the Company's success.

Introduction

Dianomi Plc ("Dianomi", the "Company" or the "Group") has had a very strong set of results in a year in which it became a public company and I would like to thank investors for their support. The Company delivered growth in 2021 both due to continued strong relationships with its advertisers and publishers and to the expansion of both our advertiser and publisher base, thereby demonstrating the natural scalability of our technology platform and the appeal of our premium market positioning.

The outlook is exciting as, based on industry forecasts, there are strong indications that the significant growth in digital ad spend which we have seen to date is set to continue. For example, spending by the Financial Services industry on digital advertising in the US alone has grown from $17.44 billion in 2019 to $24.49 billion in 2021 while the latest forecasts predict that it will reach $27.63 billion in 2022[1].

In light of this projected growth in our core market, our aim is to further increase Dianomi's market share during 2022 and beyond as well as to continue to expand into the Lifestyle sector. The route to growth comes from continuing to expand our base of premium advertisers and publishers and, equally importantly, from organically growing the ad spend from our existing advertisers. This organic growth is already occurring as recognition of the capabilities of the Dianomi platform spreads across the different departments and teams within our advertising customers.

Many of our customers are substantial financial institutions who currently spend only a small proportion of their annual ad budget with Dianomi. The results they see when using our Contextual Media Platform often encourage those customers to increase their advertising spend with us. Furthermore, we will continue to work with new and existing top tier publishers to expand our presence throughout their sites and offer them new and exciting ways of monetising their inventory.

[1] *Source: eMarketer (June 2021)*

"We employ, support and promote exceptional individuals within a framework where collaboration, teamwork and respect are our guiding principles."

Our Vision

Our vision is to be the Number One Contextual Media Platform across the Premium Business, Finance and Lifestyle verticals. This ambition has been boosted by the structural shift occurring around protecting consumers' privacy with the likes of iOS and Chrome phasing out third-party cookies. This has led to advertisers seeking alternative solutions that are not reliant on third-party cookies which puts Dianomi in a very strong position with our contextual approach to digital ad placement.

To be the Contextual Media Platform of choice requires Dianomi to truly harness the power of context and data and then drive advertising audience engagement and publisher yield in a world without third-party cookies. We are prepared for this change, using our contextual algorithm to analyse the context of the page, user signals and traits across billions of pages of content in order to maximise user engagement. This then ensures ad campaigns are targeted to the content most likely to deliver on campaign metrics and goals, without compromising user privacy.

The widely heralded imminent demise of third-party cookies is creating even greater opportunities for Dianomi as advertisers are forced to adapt the ways in which they plan, target and evaluate their ads. Our Contextual Media Platform can work as a cookie-free solution while also being able to offer not just equivalent but also better levels of service and enhanced results.

In addition to delivering ads directly, Dianomi is also investing in the ability to deliver ads programmatically while retaining the key characteristics of the Contextual Media Platform as well as investing in expanding mobile, video and podcast capabilities.

Using the strength and proven performance of the Contextual Media Platform, our strategy is to increase ad spend by doing more work with existing advertisers as well as attracting new ones. At the same time, in order to accommodate increased ad spend, we continue to build on our existing publisher partnerships alongside forming new ones, thus delivering increased distribution capabilities to our platform as well as increased scale and reach to our advertisers.

Strength through diversity

We are committed to building a diverse team and to ensuring inclusive representation at the most senior level. Moreover, we go beyond championing diversity by turning our stated commitment into positive action. We employ, support and promote exceptional individuals within a framework where collaboration, teamwork and respect are our guiding principles.

Charlotte Stranner, who joined as a consultant to the company in August 2020, became Chief Financial Officer of the Group in March 2021 and was appointed to the Board in April 2021. We also welcomed Laura Shesgreen as our Independent Non-Executive Director at the time of the IPO in May which means that a total of one third of our Board of Directors are women. We will continue to focus on developing diverse talent within our business.

We operate in an industry where the competition for talent is fierce. We are fortunate in having such an extremely committed team and many of our employees have worked with us for many years. We are able to report high employee satisfaction levels. Meanwhile, employee share ownership continues to form a vital part of the culture and incentive structure of the business for directors and senior employees.

Even though we are a carbon-light business, we still aim to minimise our carbon footprint wherever we can. We also do our utmost to ensure that any third-party suppliers share our values and aspirations on ESG.

Outlook

We have started 2022 positively, with a solid trading performance in Q1, supported by an increased level of news flow within online media as well as promising growth from publishers and advertisers which have recently come onto the Dianomi platform. Looking further ahead, our business is on track to deliver further growth, supported by a good pipeline of new advertisers and publishers and continued technical evolution of the Dianomi platform. Dianomi is well positioned to leverage these opportunities in the months and years ahead and build successfully on the momentum of 2021.

Finally, on behalf of the board and management team, I would like to thank all of our stakeholders and our employees for their commitment and hard work in what has been and continues to be an exciting time for Dianomi within the rapidly-developing arena of digital advertising.

Michael Kelly
Non-Executive Chairman
4 May 2022

Chief Executive's Statement

Rupert Hodson, Chief Executive Officer, presents his review of the Company's recent performance and outlines his vision for the future.

Introduction

2021 was an exceptional year for Dianomi. We have delivered on the commitments made at the time of the Initial Public Offering ("IPO") and I am delighted to be able to announce a strong set of results. These results are all the more impressive considering that our rate of growth has been sustained from a very strong base.

These results reflect the excellent relationships that we have forged with advertisers and publishers over a number of years, as well as a series of material new business wins.

Operational Review

Our core focus is on serving the premium segment of the Business and Finance sector where our client base includes four of the world's top five largest asset management companies, seven of the top ten of the largest wealth management firms in the US and half of the largest banks in the US.

At the year end, the Company had 427 active advertisers (up from 405 in 2020) and worked with 326 publishers (up from 276 in 2020). Of the £35.8 million of revenue generated, 61% of revenue being generated by publisher relationships beginning in the past five years and 55% was generated through direct relationships with advertisers.

Client retention and repeat business is key to the Group's success and there is significant scope to maximise our opportunity and grow revenues with established customers. Our long-standing relationships are based on our ability to deliver premium advertising inventory at scale, and to deliver premium contextual advertising that maximises user engagement and, importantly, protects brand safety.

This is made possible by our Contextual Media Platform which optimises the contextual delivery of advertising to maximise user engagement. In addition, advertisers can leverage the proprietary Dianomi ad manager platform to monitor their ROI and measure the impact of a particular advertising campaign. This gives them the unique ability in real time to monitor and recalibrate the campaign for improved returns. This proprietary technology, coupled with our premium positioning, is one of the primary drivers of our success.

We are able to grow revenue organically as we improve and extend account penetration across a larger number of financial products and advertising teams within our existing customer base. By way of example, our relationship with a tier one global investment bank has evolved as we are engaged to cover a broader product range – with revenues increasing from £0.46 million in 2020 to £2.25 million in 2021.

There is significant latent spending capacity within our existing advertiser base that scales with the volume of inventory on our platform, meaning our network continues to be highly scalable. This organic growth and the scalability of the business within our existing customer base results in an inherent operational leverage which supports profitability. The ability to grow our business and improve our profitability is underlined by our average revenue per click ("RPC") rate, which increased from £0.52 in 2020 to £0.68 in 2021. Furthermore, the average spend of our top 100 advertisers in 2021 increased 27% to £0.28 million each from £0.22 million each in 2020.

In addition, we have been able to expand our client base as outlined above with a 5% increase in the number of advertisers, including key new advertisers such as PIMCO, Julius Bär and Schroders.

"We are confident that our long-standing client relationships, premium positioning and proprietary technology will again enable us to deliver robust growth for the year ahead."

We increased the number of publishers we work with by 18% compared to 2020 and expect to continue to add new publishers as our ability to deliver contextual advertising in a brand safe manner is highly valued by publishers and advertisers alike. The Group has a significant pipeline of premium publishers and we are pleased to confirm that our partnership with CNN is now firmly embedded and is expected to be a material growth driver in 2022.

We believe there is scope to continue to expand the rapidly growing mobile and video segments. Mobile revenue has grown significantly, up by 26% to £18.58 million (2020: £14.74 million) with 52% of all advertising revenue coming from ads served to mobile devices. Growth in mobile income has benefitted from Dianomi becoming an Apple News sales agent thereby enabling the Group to work directly with Apple News publishers, with 20% of all Group revenue generated via the Apple News channel through 72 publishers (2020: 25% through 32 publishers). Video, while still smaller in revenue terms currently, is a growing segment and increased by over 140% to £1.94 million (2020: £0.80 million).

Expansion into the premium Lifestyle vertical has begun well as we achieved first year revenues of £1.54 million (2020: £nil). New advertisers and publishers include Kiehl's, Lucky Saint, Condé Nast and Hearst and there is a good pipeline of future prospects.

Recently we hired a new Head of Programmatic, Martin Hill, who was previously Vice President of Solutions Consulting at Adform. We are developing the capability to enable brands to buy directly from us programmatically and to allow us to buy programmatically from publishers. These processes are in technical development as we strive to ensure the key characteristics of our Contextual Media Platform are retained when operating programmatically.

Financial

The Group delivered a strong set of results with revenue growing by £7.4 million to £35.8 million in the year to 31 December 2021 (2020: £28.4 million), an increase of 26.0%. Adjusted EBITDA* grew to £3.1 million (2020: £2.4 million), an increase of 30% with gross margin up by 30 basis points.

In May 2021 the Company completed a successful listing on the AIM market of the London Stock Exchange alongside a significantly over-subscribed placing, raising gross proceeds of £5 million for the Company.

The Group continues to be in a strong financial position and as at 31 December 2021, the Company had no borrowings and cash of £10.3 million (31 December 2020: net cash of £3.5 million). The exceptional cash generation during the period was the result of strong working capital performance due to the timing of debtor receipts.

The Group is in the growth phase of its evolution and so the Board is not proposing to recommend a dividend and instead the Company will continue to invest in the expansion of the global team and our ongoing R&D programme to further the Group's proprietary technology.

Our People

I would like to take this opportunity to thank our talented and dedicated Dianomi team. We have successfully navigated an incredibly important period for the Group and have delivered on our IPO targets. This performance is testament to the strength of our existing customer relationships as well as to the ability of our team to identify and capitalise on new business opportunities.

Outstanding teamwork has been of paramount importance in this effort and we believe that Dianomi is a workplace where people thrive on interaction and collaboration. Dianomi has long benefitted from a hybrid working approach, which has become increasingly relevant in the post-pandemic world. I am in no doubt that our team's collaborative approach will continue to play a key role in our future success.

Life as a Plc

In May 2021 we successfully floated on AIM which has brought many positive changes to Dianomi. The £5 million raised at the time of our launch on the London Stock Exchange enabled us to repay all debt and create an investment plan that extends our sales, technology and marketing functions thereby allowing us to serve our partners and customers even more effectively.

Furthermore, the IPO has enabled us to motivate our employees through our ability to offer share options in recognition of their hard work, enthusiasm and impressive results.

Outlook

For 2022, we have had a positive start to the year and as we continue to harness the power of context and data in a cookie-less world, we will be able to scale and maximise existing business as well as add new publishers and advertisers to our client base. We continue to invest in both people and technology in order to accelerate our growth and are confident that our long-standing client relationships, premium positioning and proprietary technology will again enable us to deliver robust growth for the year ahead.

Rupert Hodson
Chief Executive Officer
4 May 2022

* *Calculated as profit after tax before interest, tax, depreciation and amortisation in the financial year, adjusted for share-based payments and costs which are IPO related. This metric provides a more comparable indication of the Group's core business performance by removing the impact of non-trading items that are reported separately.*

Key Performance Indicators and Business Model

Key Performance Indicators

Financial

	2021	2020	Change
Revenue (£m)	35.8	28.4	+26.0%
Gross margin	28.9%	28.6%	30 bps
Adjusted EBITDA* (£m)	3.1	2.4	+29.2%
Adjusted EPS** (p)	8.27	6.41	+29.0%
Net cash (£m)	10.3	3.5	+194%

Non-Financial

	2021	2020	Change
Impressions (millions)	40,927	32,118	+27.4%
Average unique devices per month (millions)	412	320	+28.8%
Average revenue per click	£0.68	£0.52	+30.8%

* *Calculated as profit after tax before interest, tax and depreciation in the financial year, adjusted for share-based payments and exceptional costs which are IPO related. This metric provides a more comparable indication of the Group's core business performance by removing the impact of non-trading items that are reported separately. Please refer to note 8 for further details.*

** *Adjusted to exclude exceptional costs related to the IPO and share-based payments. Share numbers for 2020 have been adjusted to reflect the share reorganisation which took place in May 2021. Please refer to note 13 for further details.*

Business Model

Dianomi enables premium brands to deliver native advertisements to a targeted audience on the desktop and mobile websites, mobile and tablet applications and Apple News feeds of premium publishers.

The Group provides over 400 advertisers, including blue chip names such as Aberdeen Standard, Invesco and Baillie Gifford, with access to an international audience of over 500 million devices per month through its partnerships with over 300 premium publishers of business and finance content, including blue chip names such as Reuters, Bloomberg and WSJ, as well as premium publishers of Lifestyle content, such as Condé Nast and Hearst. Dianomi negotiates directly with these publishers, entering into revenue share agreements which are typically 70/30 in the publishers' favour.

Advertising revenue is generated on a per-click basis, or a per view basis (with video advertisements) when a reader clicks an advert on a publisher's website; therefore, Dianomi's interests are aligned with those of both advertisers and publishers. Dianomi collects the payment made by advertisers, retaining a share and passing the rest on to the publisher.

The Group has strict criteria for advertisers, ensuring the high quality nature of the adverts served to the audiences of publishers' websites. The Group offers two core services to advertisers:

The first is an account managed service, where the advertiser has a dedicated account manager who helps with each advertising campaign. The second is self-service, where an advertiser who has previously been vetted by the Group, uses the Group's self-service platform to create and manage campaigns online.

The Group may offer advice to advertisers on the pricing of their adverts to seek to optimise audience engagement. Often adverts which are placed at a higher price per click are delivered more frequently, or at more optimal times, than lower priced adverts. Advert optimisation is controlled by Dianomi's ad algorithm which places adverts on website pages depending on the native content and the previous success of adverts to maximise audience engagement, clicks, views and revenue.

Financial Review

	2021	2020	Change
Revenue (£m)	35.8	28.4	+26.0%
Gross profit (£m)	10.3	8.1	+26.8%
Gross margin	28.9%	28.6%	+30 bps
Adjusted EBITDA* (£m)	3.1	2.4	+29.2%
Adjusted profit before tax*	2.9	2.2	+33.3%
Adjusted EPS* (p)	8.27	6.41	+29.0%
Operating cash conversion to adjusted EBITDA*	111%	88%	+2,300 bps
Net cash (£m)	10.3	3.5	194%

* *In order to provide better clarity to the underlying performance of the Group, Dianomi uses adjusted EBITDA, adjusted profit before tax and adjusted EPS as alternative performance measures. Please refer to notes 8 and 13 for further details.*

Basis of Preparation

The financial statements, for the year ended 31 December 2021 together with the comparative period data for 31 December 2020, are the first the Group has prepared in accordance with International Financial Reporting Standards. For periods up to and including the year ended 31 December 2020, the Group prepared its financial statements in accordance with local generally accepted accounting principles (FRS 102).

Revenue

Revenue grew by 26% to £35.8 million in the year, driven by growth in revenues from existing advertisers and publishers and revenue from new advertisers and publishers.

Mobile and Video are two growth segments for the Company. Mobile revenue has grown significantly over the last year, in 2021 £18.6 million of revenue (2020: £14.7 million) came from ads served to mobile devices. Video, while much smaller in revenue terms currently, also saw significant growth from £0.8 million to £1.9 million in the year to 31 December 2021.

Revenue from the Group's new Lifestyle segment amounted to over £1.5m from a standing start.

Gross profit and margin

Gross profit represents the Group's share of revenue from publishers under the terms of the revenue share agreements that the Group has with them. Gross profit increased by 27% from £8.1 million to £10.3 million, representing an improved gross margin of 28.9% (2020: 28.6%).

Administrative expenses

Administrative expenses increased to £10.2 million in the year to 31 December 2021 from £5.9 million in 2020. Included in administrative expenses were share-based payments of £2.9 million (2020: £nil) of which £2.6 million were incurred as a result of accounting for the fair value of share options exercised by employees at IPO and the remainder relating to options issued on and post IPO. The remainder of the increase was primarily driven by increases in staff costs resulting from an increase in overall headcount and incremental costs associated with being a listed company.

The Group does not capitalise costs relating to the ongoing support and development of its platform, these are included within administrative expenses.

Costs relating to IPO

Costs relating to the IPO amounted to £0.6 million (2020: £0.1 million), with a further £0.6 million of IPO related costs, including commission payable on new shares issued, being set against share premium.

Group profitability

Adjusted EBITDA grew 30.2% to £3.1 million (2020: £2.4 million) representing an adjusted EBITDA margin of 8.7% (2020: 8.4%). The growth in adjusted EBITDA was slower in the second half of the year as a result of new employees joining the Group. Adjusted profit before tax amounted to £2.9 million, representing a margin of 8.0% (2020: £2.2 million, margin of 7.6%). To provide a better guide to the underlying business performance, adjusted EBITDA excludes share-based payments and IPO related costs along with depreciation, amortisation, interest and tax from the measure of profit. Adjusted profit before tax excludes share-based payments, IPO related costs and tax from the measure of profit.

Statutory loss after tax was £0.5 million (2020: profit of £1.5 million) reflecting the significant share-based payments and costs incurred as a result of the IPO.

Financial Review continued

Net finance expense

Net finance costs were £0.04 million compared to £0.10 million in 2020, the decrease reflecting the repayment of the loan notes in issue shortly after the Group's admission to AIM. The Group is now debt-free and has no interest rate exposure.

Taxation

The Group had a tax credit for the year ended 31 December 2021 of £122k (2020: charge of £534k). The tax credit arose as a result of significant tax losses in the Company due to the options which were exercised at the time of the IPO, offset to some extent by foreign tax payable of £553k. For further detail on taxation see notes 11 and 12 of the Financial Statements. Adjusted profit after tax, used in calculating adjusted earnings per share, is shown after adjustments for the applicable tax on adjusting items as set out in notes 8 and 13.

Earnings per share

Loss per share for the year ended 31 December 2021 was 1.77 pence (2020: profit of 6.05 pence). Adjusted earnings per share increased by 29.0% to 8.27 pence (2020: 6.41 pence). Adjusting items and their tax impacts are set out in note 13. Share numbers for 2020 have been adjusted to reflect the share reorganisation which took place in May 2021.

Diluted loss per share for the year ended 31 December 2021 was 1.77 pence (2020: profit of 5.45 pence). Adjusted diluted earnings per share increased by 32.4% to 7.65 pence (2020: 5.78 pence). As at 31st December 2021, 1,594,387 share options were outstanding.

Cashflow

The Group's net cash position increased by 194% to £10.3 million (2020: £3.5 million). The Group enjoyed strong cash generation with net cash flow generated from operations of £3.4 million in 2021 (2020: £2.1 million). The Group saw strong conversion of adjusted EBITDA to operating cashflow of over 100% assisted by some working capital benefit resulting from the timing of debtor receipts.

Statement of Financial Position

Net assets as at 31 December 2021 totalled £10.1 million (2020: £3.3 million). In May 2021, shortly before the IPO, the Company undertook a share reorganisation whereby the various classes of shares were redesignated and sub-divided into ordinary shares of £0.002 pence each. At the time of the IPO, the Company raised gross proceeds of £5.0 million by the issue of 1,831,501 new ordinary shares at a price of £2.73 each. Further details on the movements in share capital can be found in note 24.

The Group's net cash position increased to £10.3 million as at 31 December 2021 (2020: £3.5 million) as a result of the net proceeds of the IPO (£3.8 million) and the cash generated from operations. In May 2021, the Group repaid the £1.25 million loan note principal outstanding to BGF Investments LP and is now debt-free.

Charlotte Stranner
Chief Financial Officer
4 May 2022

Section 172 Statement

For the year ended 31st December 2021

As required by Section 172 of the Companies Act, a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders. In doing so, the director must have regard, amongst other matters, to the following issues:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers/customers and others;
- impact of the company's operations on the community and environment;
- the company's reputation for high standards of business conduct; and
- need to act fairly between members of the company.

The Directors remain committed to engaging with the Group's stakeholders and considering their interests when making key strategic decisions. The key strategic decisions made by the Directors in the year to 31 December 2021 were:

- Undertaking a capital reorganisation: This enabled the Company to simplify its capital structure, have sufficient issued share capital to re-register as a plc and resulted in a single class of share, which benefitted both existing and new shareholders;
- Listing Dianomi on the AIM market of the London Stock Exchange. This enabled existing shareholders to realise a proportion of their investment in Dianomi and new shareholders to be part of the Company's growth going forward. The IPO has also benefited our customers through greater transparency facilitated by the increased scrutiny that comes with being a public company. Furthermore, the funds raised at the time of the listing has enabled further investment to be made into people, marketing and technology benefitting all of our stakeholders; and
- Setting up a long-term share option scheme for employees. This has assisted and will continue to assist in continuing to attract, retain and motivate high calibre employees. it also aligns their interests with other stakeholders by incentivising them to contribute to the long-term growth of the Company.

Key stakeholders have been identified as follows:

Employees

The Board acknowledges people are essential to the delivery of our strategy and the Executive Directors work hard to provide a collaborative and empowering working environment. We invest in our employees from the outset working with them to help them achieve their ambitions and grow within the firm. Following our IPO we were able to award long-term incentive share options to all our employees so that they have the opportunity to further share in the Company's success.

The Company operates weekly all staff conference calls in the UK and the US, sharing updates from across the business in an open forum to allow employees to learn and share their views on the business, including team, product and market changes as well as new commercial opportunities. In addition, each department meets regularly as a team giving all staff a chance to provide feedback to the senior leadership team either directly or via their manager. Since the easing of COVID-19 restrictions, staff have been encouraged back to the office on a voluntary basis and the Company intends to host social events throughout the year in order to maintain our strong focus on employees' interests and wellbeing.

The Board and its Committees are ultimately responsible for setting high standards for ethical behaviour which is implemented, reviewed and monitored by the Executive Directors. Processes are in place to ensure the Group complies with applicable laws and regulation. During the year, as part of the project to launch the revised employee handbook, an extensive review of policy has begun, which is scheduled to conclude in 2022. Appropriate policies and procedures are in place to ensure the Group complies with relevant legislation and regulations.

Shareholders

The Board recognises that relationships with our shareholders are also key to the delivery of our strategy. The Board is committed to open engagement with our shareholders and provides all the necessary information needed to enable decision making.

During the year the Board engaged with its shareholders at the time of the Company's IPO; for those shareholders who held shares pre-IPO this was to discuss the Company's plan and how they would be affected and for shareholders who came on board at the time of the IPO this was via the investor roadshow. The Board also engaged with shareholders via the publication of its Admission Document. Post IPO, the CEO and the CFO also engaged with shareholders through its publication of its half year results as well as other announcements during the year.

Going forward, the primary mechanism for engaging with our shareholders will be through the publication of the Group's financial results for the half year and full year as well as through the Company's Annual General Meeting ("AGM"). At the AGM we encourage our shareholders to ask questions and engage in a dialogue with the directors. In addition, all announcements and reports and other key shareholder information is available on the investor section of the Group's website which is updated on a regular and timely basis.

Partners and Suppliers

The Group's partners are the publishers it works with. The Board is committed to building trusted partnerships with the Group's publishers. Each major publisher has a dedicated team which meets regularly with the publisher and provides quarterly business reviews to discuss, inter alia, their current performance, new opportunities and new products.

The Group has long-standing relationships with suppliers and treats all suppliers fairly. Contractual commitments to suppliers are met within a timely manner.

Customers

The Group's customers are its advertisers. All significant customer accounts have a dedicated client services representative who meets with the customer regularly to discuss their needs and ensures the Group is helping them meet their objectives.

Principal Risks and Uncertainties

Dianomi is exposed to a variety of risks and actively manages them through risk management procedures. The Group's risk management framework is designed to identify and manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

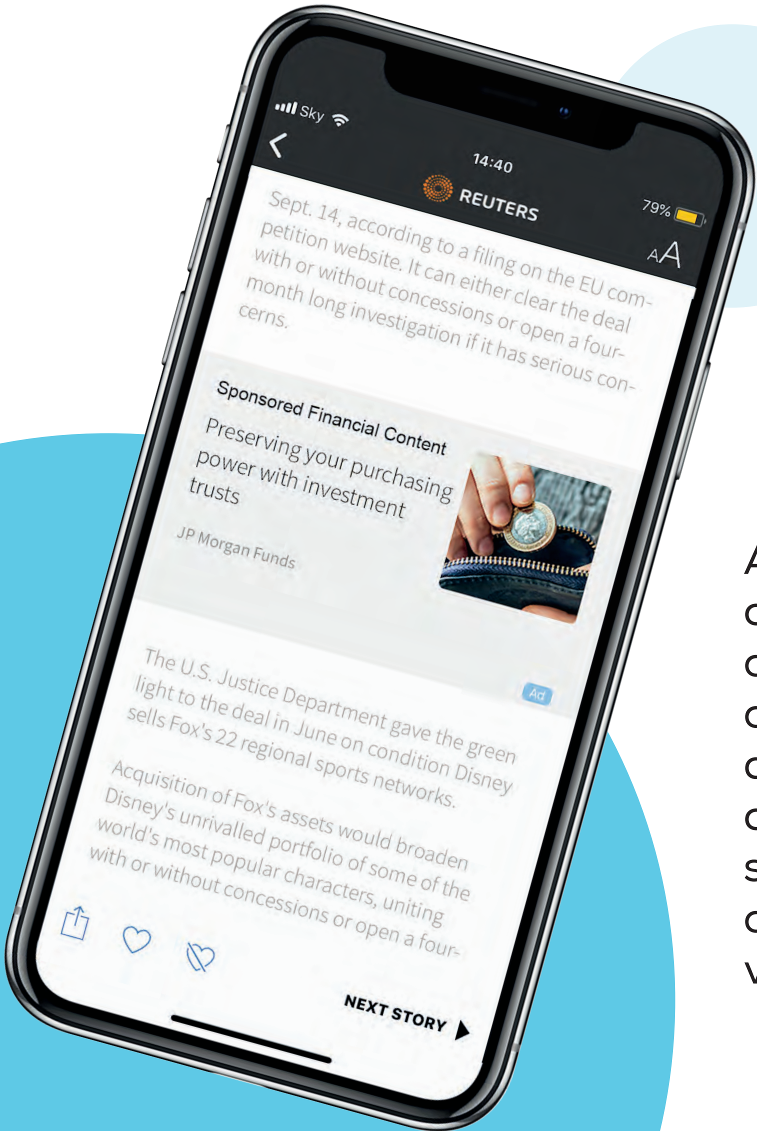
Details of the financial risk management objectives and policies of Dianomi and exposure to foreign exchange risk, market risk, credit risk and liquidity risk are given in note 22 to the consolidated financial statements. The material business and operational risks that the Directors consider Dianomi to be exposed to include, but are not limited to, the following:

Potential Risk Description	Mitigating Factors
Retaining a large premium customer and partner base The Group's strategy is to work with premium advertisers and publishers and the success of the Group's business model is dependent on retaining premium advertisers and publishers and ensuring that advertisements are suitably placed with reputable publishers. In the event that the Group's reputation or the reputation or branding of either the advertisers or publishers that the Group works with were damaged, this could have a significant impact on the Group's reputation and the willingness of its customer base and networks to continue to work with the Group.	Dianomi controls the quality of the adverts it serves and ensures adverts placed are relevant to the content displayed on the webpage. Consequently, Dianomi avoids issues commonly associated with 'clickbait' advertising, whereby unrelated or low-quality adverts are served, with the potential to damage the brands of publishers and the premium advertisers that appear alongside the 'clickbait'. Publishers and advertisers are vetted before becoming partners and customers of the Group to ensure Dianomi's premium focus is not affected. Those considered to be a potential reputational risk are turned away.
Inability to win new advertiser and publishers The Group's success and revenue growth is dependent on adding new advertisers and publishers, failure to do so could impact financial growth and result in targets not being met.	As well as its focus on the Financial Services and Business sectors, the Group is currently rolling out to the Lifestyle vertical, which is complementary in its focus on premium brands and audiences. This expands the potential size of the Group's market. Furthermore, the Group is expanding into the rapidly growing video segment of the market as well as developing a new programmatic offering, providing further opportunities for new publishers and advertisers.
Technological change and competition The market that the Group operates in is fast paced and competitive. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Group's business, financial condition and results of operations. Competitors and new entrants may have greater financial and marketing resources and may seek to develop technology that more successfully competes with the Group's current software and service offering, as well as potentially adopting more aggressive pricing models and marketing campaigns, which may place the Group at a significant disadvantage.	Dianomi continually invests in innovating the services and products it provides. Furthermore, Dianomi is developing a programmatic solution allowing Dianomi's advertising clients to purchase advertising media programmatically on a viewable CPM basis as well allowing Dianomi to buy inventory programmatically. Dianomi is also increasing its investment in marketing to ensure presence at industry events and targeted promotions.
Reliance on a key distribution channel to maintain growth and future revenues The Group's monetisation of adverts through the Apple News channel as an approved sales agent has expanded the Group's existing relationships with publishers, but has also led to the origination of new relationships with publishers previously not engaged. Generation of revenue through the Apple News channel represented 20 per cent. of the Group's revenue in 2021 (2020: 25%). If the Group were to lose its position as an approved sales agent of advertisements by Apple, it would also have an adverse impact on the Group's revenue and prospects and the ability to seek new relationships with publishers that have access to the Apple News application would be lost.	Dianomi is able to help monetise publishers' content on Apple News which they otherwise would not be able to do thereby benefitting the publishers and their relationship with Apple. Dianomi is in regular dialogue with Apple and continues to explore ways of expanding its relationship by running video campaigns for example. The Group is also expanding its base of publishers outside of the Apple News channel, thereby decreasing the % of revenue generated by this channel.

Potential Risk Description	Mitigating Factors
Reliance on software and IT infrastructure If the Group fails to detect or prevent fraud on its platform, or malware intrusion into its systems or the systems or devices of its publishers and their consumers, publishers could lose confidence in Dianomi and the Group could face legal claims that could adversely affect its business, results of operations and financial condition. Furthermore, insufficient hosting infrastructure or disruptions to service from third-party data centre hosting facilities and cloud computing and hosting providers could impair the delivery of services and harm the business.	Dianomi performs regular security checks and reviews and has various processes in place to mitigate cyber risk. Employees undertake mandatory cyber security training. A Group fraud policy and response plan is in place. All technology infrastructure is reviewed and tested on a regular basis to ensure sufficiency and appropriateness. A variety of service providers is used to ensure stability across the business and regular service reviews are undertaken.
Compliance with laws and regulations and industry requirements The Group is subject to industry requirements and laws and regulations related to data privacy, data protection and information security and consumer protection across different markets where the Group operates, including in the United States, the European Economic Area ("EEA") and the United Kingdom. Such laws, regulations and industry requirements are constantly evolving and changing.	Dianomi is committed to data privacy and protection compliance throughout its offering. An in-house legal with expertise in data protection was recruited in 2021. Relevant aspects of such laws and regulations have been reviewed, and necessary actions have been taken. External expertise has been sourced where necessary. The Group continues to review, update and implement processes and policies in order to meet industry developments and ensure the Group satisfies the requirements under the applicable laws and regulations.
Requirement to pay guarantees When negotiating new contracts with publishers, in order to be competitive Dianomi may offer to pay a specified minimum guaranteed amount to the publisher. If Dianomi's performance under such contracts does not meet the minimum guarantee requirements, its profitability could be negatively impacted.	Dianomi would only look to enter into such contracts after a comprehensive review of the feasibility of meeting said guarantees, using comparative data from other publishers with whom it currently works and data provided by the new publisher if available. The impact on the Group's cashflow and profitability is also considered when coming to a decision.
Dependence on key personnel and employees The continued success of the Group depends partly upon the performance and expertise of its current and future key executives and personnel. A lack of skilled workforce could result in a drop in service levels and customer dissatisfaction, and therefore have an adverse impact on the Group in terms of its reputation. The Group currently has a relatively small senior management team, whose skills, knowledge, experience and performance are important to the Group's ongoing success. The loss of such individuals, or the failure to train and attract other high calibre individuals may impact on the Group's business and the Group's ability to achieve its growth targets.	The Group provides various incentives for its management team and other key personnel in order to ensure employees are retained and rewarded. Furthermore, following the IPO, a long term incentive plan was established whereby employees were awarded share options so that they have the opportunity to further share in the Company's success.

The Dianomi Business Model

Dianomi enables premium brands to deliver native advertisements to a targeted audience on the desktop and mobile websites, mobile and tablet applications and Apple News feeds of premium publishers.



Advert optimisation is controlled by Dianomi's ad algorithm which places adverts on website pages depending on the native content and the previous success of adverts to maximise audience engagement, clicks, views and revenue.

Governance

Building on strong foundations

Board of Directors

Michael Kelly,
Independent Non-Executive Chairman

Michael is the Co-Founder of Kelly Newman Advisors, LLC. Previously, he served as the President and Chief Executive Officer of The Weather Channel Companies. Prior to that, Michael served as the President of AOL Media Networks, a division of Time Warner, Inc. Before AOL, Michael served as President of the Global Marketing group at Time Warner and prior to that he was the Founder and Chief Executive Officer of American Town Network, LLC. Until April 2021, Michael was a non-executive director of Seeen plc, a UK-based media and technology company. Currently, Michael also serves on the boards of directors of Cars.com, Quantcast Corporation, American Town Network, LLC, Sliide and the American Advertising Federation.

Rupert Hodson,
Chief Executive Officer

Rupert Hodson was one of the three co-founders of Dianomi and is responsible for driving the Group's expansion. Prior to founding Dianomi in 2002, he spent five years at Interactive Investor culminating in leading the commercial team. Rupert began his financial career in 1994 at Petropavlosk PLC. Rupert holds a BSc in Agricultural and Food Marketing from the University of Newcastle-upon-Tyne.

Charlotte Stranner,
Chief Financial Officer

Charlotte became Chief Financial Officer of the Group in March 2021 and was appointed to the Board on 27 April 2021 as Chief Financial Officer. Before joining Dianomi, Charlotte was a partner at previously AIM-quoted MXC Capital, a technology, media and telecoms investor and adviser. Prior to MXC Capital, Charlotte was a Corporate Finance Director at finnCap Ltd. Charlotte also currently serves as an Independent Non-Executive Director on the boards of K3 Capital Group PLC and Elixirr International PLC. She is a Fellow of the Institute of Chartered Accountants in England and Wales, and graduated from UCL with a BA Hons in French and Italian.

Raphael Queisser,
Chief Operating Officer

Raphael is one of the three co-founders of Dianomi and is responsible for growth in EMEA, HR and strategic projects. Prior to founding Dianomi, Raphael was a Business Development Manager at Interactive Investor. He began his financial career in private banking at Pictet in 1999 Raphael holds an MA in International Relations and Management from the University of St Andrews and a postgraduate diploma in E-Commerce from the University of London.

Cabell de Marcellus, Chief Technology Officer

Cabell is the third co-founder of Dianomi and is responsible for the strategic development of Dianomi's technology platform, having coded the original HA/LAMP architecture. Prior to founding Dianomi, Cabell was Head of Software Development and Equity Services at Interactive Investor where he played a key role in its $1bn flotation. Cabell is currently a director of Buckingham Gate Financial Services Limited, a former subsidiary of the Company, where he serves as a part-time marketing director. Cabell graduated from Duke University with a BSc in Computer Science.

Laura Shesgreen, Independent Non-Executive Director

Laura has over thirty years of experience working with high-growth companies in Europe and the USA. Laura started her career at PricewaterhouseCoopers where she qualified as a chartered accountant before moving into industry working as the chief financial officer at Pointcast and Evite Inc. In early 2007, Laura became the Chief Financial Officer and Vice-President of Finance of Skype where she served for a number of years, including when the company was acquired by private equity and later by Microsoft. Laura currently serves as Chair of the board of Stripe Technology Europe Limited and on the boards of associated companies of AA Ireland Limited, as well as serving as a member of the Digital Advisory Board of Irish Life Assurance plc.

Matthew Singh, Non-Executive Director

Matthew works as an investor at BGF where he is responsible for origination, execution and portfolio management of patient growth capital investments in UK growth companies across both the private and public markets. Matt joined the board of Dianomi in September 2019 following completion of an investment in Dianomi by BGF. Since joining BGF in 2015, Matt has completed numerous investments across multiple sectors and also serves on the board of Flowline Limited and Mortgage and Surveying Services Limited. Prior to this, he worked for EY in their Transaction Support team and is a Chartered Accountant. He graduated with a BSc in Mathematics, Operational Research, Statistics & Economics from the University of Warwick.

Corporate Governance

The Board of the Company is committed to high standards of corporate governance, which it considers are critical to business integrity and to maintaining investors' trust in the Company. This section of sets out our approach to governance and provides further detail on how the Board and its Committees operate. The Chairman's role is to lead the Board of Directors and to be responsible for ensuring that the Group adheres to and applies the standards of corporate governance. The Company applies the main principles of the Quoted Companies Alliance (QCA) Code and complies with its detailed provisions. The corporate governance framework which the Group operates, including Board leadership and effectiveness, Board remuneration, and internal controls is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the businesses within the Group. The key governance principles and practices are described in the statement below, together with the Audit and Risk and Remuneration Committees' reports on pages 25 to 29 and the Directors' Report on pages 31 to 33.

Statement of compliance

Company has adopted the QCA Code and is compliant with all of its principles. Disclosures required by the QCA Code have been made both in this annual report and on our website. Further information on the Company's compliance with the QCA Code can be found on the Group's website at www.dianomi.com, on the AIM Rule 26 page.

The Composition of the Board

The Board is responsible for the strategic direction, investment decisions and effective control of the Group. During the year ended 31 December 2021 the Board comprised four Executive Directors, a Non-Executive Chairman and two Non-Executive Directors.

Biographies of each of the Board Directors, including the Committees on which they serve and chair, are shown on pages 18 to 19. The Board regularly reviews the effectiveness of its performance and that of its committees and individual Directors and is satisfied that, between the Directors, it has an effective and appropriate balance of skills and knowledge, including a range of financial, commercial and entrepreneurial experience. The Board is also satisfied that it has a suitable balance between independence (of character and judgement) and knowledge of the Company to enable it to discharge its duties and responsibilities effectively. Michael Kelly and Laura Shesgreen are considered to be independent. No single Director is dominant in the decision-making process.

The Board aims to convene eleven times a year, with additional meetings being held as required. The Covid-19 pandemic has meant that meetings have been held virtually during the year. Going forward it is anticipated Board meetings will be a mix of virtual and in person. Details of Board and Committee meetings held during the financial year and the attendance records of individual Directors can be found below.

Prior to their appointment, the Company informed each Director of the nature of their role, their responsibilities and duties to the Company, and the time commitment involved. On appointment, each Director confirmed that, taking into account all of their other commitments, they were able to allocate sufficient time to the Company to discharge their role effectively. The Board is satisfied that the Non-Executive Chairman and the Non-Executive Directors each devote sufficient time to the Company and that there have been no significant changes to their other commitments.

Board and Committee Attendance for the year ended 31 December 2021

Attendance records for the Board and Committee meetings held during the year are shown below. These include both scheduled Board, Audit Committee and Remuneration Committee meetings and further meetings that were convened as required throughout the year. Other members of the senior management and brand management teams, as well as advisers, attended Board and Committee meetings by invitation as appropriate throughout the year.

	Board	Audit	Remuneration
Michael Kelly	15 of 15	2 of 2	1 of 1
Laura Shesgreen*	11 of 11	2 of 2	1 of 1
Matthew Singh	15 of 15	2 of 2	1 of 1
Rupert Hodson	15 of 15	–	–
Charlotte Stranner**	12 of 12	2 of 2	–
Raphael Queisser	15 of 15	–	–
Robert Cabell de Marcellus	15 of 15	–	–

* *Laura Shesgreen joined the board on 24 May 2021 but attended certain meetings relating to the IPO as a proposed director.*

** *Charlotte Stranner joined the board on 27 April 2021 and attended the Audit Committee meetings only by invitation.*

Appointments to the Board and Re-election

The Company's Articles of Association require that Directors hold office only until the first annual general meeting of the Company following such appointment and in accordance with best practice in corporate governance, all the Directors will offer themselves for re-election. The task of searching for appropriate candidates and assessing potential candidates' skills and suitability for the role is performed by the Board as a whole.

Division of Responsibilities

The Board is responsible for the overall management of the Group including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. While the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters include, amongst other things, approval of major corporate transactions, transactions with related parties and approval of the annual and interim accounts.

The Board meet monthly to review performance. The roles of Chairman and Chief Executive Officer are separate and clearly defined, in line with the recommendations of the QCA Corporate Governance Code. Responsibility for overseeing the Board is the responsibility of the Chairman and the Chief Executive Officer is responsible for overseeing the implementation of the Company's strategy and its operational performance.

Culture

The Group promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings. The staff handbook and policies promote this culture and include such matters as whistleblowing, social media and anti-bribery and corruption. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Company. The Board believes that the current culture of the Group reflects the values promoted.

Matters reserved for the board

The Board retains control of certain key decisions through the Schedule of Matters reserved for the Board. The Board is responsible for:

- Overall management of the business and monitoring performance against objectives;
- Developing the Company's strategy and risk management;
- Major investment and divestment decisions;
- Setting business values, standards and culture;
- Membership and chairmanship of the Board and Board Committees;
- Relationships with shareholders and other stakeholders;
- The Company's compliance with relevant legislations and regulations;
- Approving results announcements and the annual report and financial statements; and
- Appointment and reappointment of the Company's auditors.

Audit Committee

The Audit Committee comprises three Non-Executive Directors, namely; Laura Shesgreen (Committee Chair and Independent Non-Executive Director), Michael Kelly (Independent Non-Executive Chairman) and Matthew Singh (Non-Executive Director). At the discretion of the Committee Chair, the CFO was invited to attend meetings of the Audit Committee during the year.

The Audit Committee is responsible for the annual and half-yearly reports to shareholders, other public announcements of a financial nature, review of the likelihood of any fraud risks, review of the effectiveness of Dianomi's internal control and risk management system and oversight of the relationship with the external auditors. The Audit Committee also reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal. The Audit Committee met twice during the year.

Remuneration Committee

The Remuneration Committee comprises Michael Kelly (Committee Chair), Laura Shesgreen and Matthew Singh. Only members of the committee have the right to attend meetings, however other individuals such as the CEO can be invited to attend at different points during the year at the discretion of the Chair. The role of the Remuneration Committee includes responsibility for all aspects of the remuneration of Executive Directors, including salary, annual bonus (where appropriate) and share-based payments and an awareness of remuneration within the wider workforce. The Remuneration Committee met once during the year.

External Advisors

The Board makes use of the expertise of external advisors where necessary, to enhance knowledge or gain access to particular skills or capabilities. Areas where external advisors are used include and are not limited to: legal advice, tax advice and recruitment.

Corporate Governance continued

Relationships with shareholders

The Board is committed to open and ongoing engagement with the Company's Shareholders. The Board will communicate with Shareholders through:

- The annual report and accounts
- The interim and full-year results announcements
- Trading updates (where required or appropriate)
- The annual general meetings
- The Company's investor relations website

Risk management and internal controls

The Board acknowledges its responsibility (delegated to the Audit Committee) for establishing and maintaining Dianomi's system of internal controls and will continue to ensure that management keeps these processes under regular review and improves them where appropriate.

The Board's financial risk management objectives involve safeguarding Dianomi's assets by identifying, managing, monitoring and reporting the critical risks across the business. As part of the admission to AIM, Dianomi has set up a risk register which identifies, monitors and reports on the critical risks of the business. The risk register covers commercial, financial, operational, competitive, technology and other risks. A Head of Legal Risk was hired during the year to help strengthen controls and the Board, via the Audit Committee, reviews the risks and ensures that they are being addressed.

Directors' Information, Support and Development

The Board considers all Directors to be effective and committed to their roles. All Directors receive regular and timely information on the Group's operational and financial performance. Ahead of the Board and Committee meetings, papers are circulated to all Directors to ensure that they are fully informed and can participate fully in discussions. Directors keep their skillset up to date through a combination of attendance at industry events, individual professional development and experience gained from other Board roles.

The Board was briefed on AIM Rules by its Nominated Advisors, Panmure Gordon at the time of the admission to AIM. The Board is kept up to date by its Nominated Advisor on any changes or updates to the AIM Rules. Directors are also able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Conflicts of Interest

Outside interests and commitments of Directors, and any changes to these commitments are reported to and agreed by the Board. To the date of this report there are no actual or potential conflicts of interest between any Director's duties to the Company and any private interests and/or other duties they may have.

Environmental, Social and Governance ("ESG") Report

Social

Our People

We pride ourselves on promoting a culture of diversity, inclusivity and collaboration across our business.

Diversity

We are committed to developing a diverse workforce, an inclusive culture and the removal of barriers for underrepresented groups.

We champion women leaders both within the Board and senior management team as well as at all levels of the organisation. Charlotte Stranner joined the Company on 27 April 2021 as Chief Financial Officer, and Laura Shesgreen was appointed to the Board as a non-executive Director on IPO on 24 May 2021, meaning that 29% of our board is female. At senior management level, 36% are female. Our total workforce consists of 29% female employees.

We also champion people from ethnic minorities and as at the date of this Annual Report and Accounts, one of the Directors on the Board comes from an ethnic minority background and our workforce consists of 24% employees from an ethnic minority background.

Inclusivity

We are a people business, comprised of a talented team who value and respect difference. We remain committed to attracting, developing, and retaining the best talent from a diverse range of backgrounds regardless of race, ethnicity, age, gender, sexual orientation or physical ability.

Employee Engagement and Recognition

We continue to strive for improvements in employee engagement as we see very clearly that employees are key to the success of our business. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our teams to ascertain which training and development opportunities should be made available.

We invest in employee wellbeing to create and encourage an inclusive culture within the organisation. We have also introduced a more formal approach to objective setting and performance management to support personal development across the business.

Other ways in which we look to engage with our employees and recognise their contributions include:

Share Option Schemes

Following our IPO we were able to award long term incentive share options to all our employees so that they have the opportunity to further share in the Company's success. Share options continue to be used in attracting and awarding new and existing employees.

Dianomi Days

Throughout the year we arrange various activities for all employees with the focus on inclusivity and well-being. During the Covid-19 pandemic, whilst the ability for staff to come together was made difficult due to social distancing measures, we introduced a walking and running club with the aim of encouraging employees to record their distances walked or run throughout each month with a prize for the person with the highest distance.

Now that social distancing measures have been lifted, our programme of in-person activities has been reinstated.

Collaboration

With global offices in London, New York and Sydney, a collaborative approach is encouraged across all our employees.

We strongly believe in fostering a working environment where every employee is comfortable to contribute their thoughts and ideas to the business.

Sponsorship

Dianomi is a member of the Financial Communications Society ("FCS") in the US, a not-for-profit organisation dedicated to improving professional standards in financial marketing communications through a mission of community, education and philanthropy. Throughout the year we sponsored various events hosted by the FCS, including educational events and philanthropic activities.

Environmental, Social and Governance ("ESG") Report continued

Environmental

As a digital advertising agency, our direct and indirect impact on the environment is low. We operate a largely paperless office, however, we can always do better. Travel was significantly reduced as a result of COVID-19, and we continue to operate primarily online and only travel when absolutely necessary.

Given the premium focus of our business, we are extremely selective with the advertisers and publishers we use, and only work with high quality companies that are also environmentally conscious and have ethical business practices.

Employees now do a combination of remote and office-based working, and we try and ensure the centralisation of environmental practices through our offices. Our offices are easily accessible by public transport. For those travelling into the office by bike, the office facilities in London include showers and storage, both free of charge for employees.

The landlord at our London office is addressing environmental and health impacts associated with energy, materials and the products used within the building. For example we have been able to significantly cut down our consumption of single-use plastics with access to the world's first plastic-negative beauty brand which provides refillable and recyclable products for the bathroom amenities, and Ongar Dairy, which supplies glass-bottled British milk to all workspaces.

All employees are advised that documents and emails should not be printed, instead accessed via Google shared drives. If needed, all printers are set to double-sided and black and white, the aim being to reduce the use of both paper and toner.

Governance

The Board believes that governance is central to the effective delivery of our mission and strategy. With this in mind, the Board is committed to ensuring that all decision-making and the oversight it provides promotes Dianomi's success for the long-term benefit of its shareholders, while being respectful of the interests of other key stakeholders. This includes our partners, customers and employees. We seek to conduct all of our operating and business activities in an honest, ethical and socially responsible manner. These values underpin our business model and strategy.

We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships, with consideration for the needs of all our stakeholders, including partners, investors, suppliers and employees. Client satisfaction rates, referral ratings and staff retention levels are indicators of our collective success.

Our Board has a strong balance of industry knowledge and financial experience. We have established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit Committee Report

As Chair of the Audit and Risk Committee ("the Committee"), I am pleased to present our Audit and Risk Committee Report for the year ended 31 December 2021.

Membership

The Audit and Risk Committee comprises three members, Michael Kelly, Matthew Singh and myself, Laura Shesgreen. Matthew Singh and I are Non-Executive Directors of the Company, Michael Kelly is the Non-Executive Chairman. Both myself and Michael are considered Independent. As Chair of the Committee with a background as a chartered accountant I have significant, recent and relevant financial experience. The Committee's biographies are set out in the Corporate Governance Report.

Meetings and Attendance

The Committee met twice during the year ended 31 December 2021 and twice prior to the date of this report during 2022. All members of the Committee at the time of each meeting were present. Charlotte Stranner, Chief Financial Officer, also attended all meetings by invitation. The external auditor attended part of both meetings in 2021 at which the interim report for the six months to 30 June 2021 were reviewed, and also the two meetings of 2022 at which the annual audit for 2021 and the 2021 Annual Report and Financial Statements were reviewed.

Duties

The full list of the Committee's responsibilities is set out in its Terms of Reference, which are available on the Company's website, and is summarised below as follows:

- External audit (including the independence of the external auditor);
- Financial reporting;
- Internal control and risk management; and
- Reporting on activities of the Committee.

The Terms of Reference for the Committee are reviewed annually and approved by the Board.

The main items of business considered by the Committee during the year (and at its meetings in 2022 in relation to the 2021 audit and Annual Report and Financial Statements) included:

- Review and approval of the interim report for the six months ended 30 June 2021;
- Review and update of the Group's risk register;
- A review of the year-end 2021 audit plan, consideration of the scope of the audit, the risks identified by the external auditor and the external auditor's fees; and
- Consideration and approval of the 2021 financial statements of the Group and Company, the external audit report and management representation letter.

External Auditor

The Committee has the primary responsibility for recommending the appointment of the external auditor and reviewing the findings of the auditor's work. The external auditor has direct access to me and other members of the Committee, without executive management being present if they wish.

The Company's external auditor is BDO LLP. Having reviewed the auditor's independence and performance to date, the Committee recommended to the Board that they be reappointed for the Company's 2022 audit. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the next annual general meeting.

During the year to 31 December 2021, fees paid to BDO LLP in relation to non-audit services amounted to £42k (2020: £20k).

Audit Process

The external auditor prepares an audit plan setting out how the auditor will audit the full-year financial statements. The audit plan is reviewed, agreed in advance, and overseen by the Committee. The plan includes the proposed scope of the work, the approach to be taken with the audit and also describes the auditor's assessment of the principal risks facing the business. Prior to approval of the financial statements, the external auditor presents its findings to the Committee, highlighting areas of significant financial judgement for discussion.

Audit Committee Report continued

Internal Audit

The Audit and Risk Committee has considered the need for an internal audit function during the year and is of the view that, given the size and nature of the Company's operations and finance team, there is no current requirement to establish a separate internal audit function.

Risk Management and Internal Controls

The principal risks facing the Group are summarised on pages 14 to 15 of this Report. The internal controls of the Group are set out in the Financial Reporting Procedures Manual which was reviewed and reported on by the Reporting Accountants in connection with the IPO. The Committee carries out an annual risk assessment and review of mitigating controls.

Laura Shesgreen
Chair of the Audit and Risk Committee
4 May 2022

Remuneration Committee Report

As Chair of the Remuneration Committee ("the Committee"), I am pleased to present our report for the year ended 31 December 2021 which sets out details of the composition and activities of the Committee. Details of the remuneration paid to Directors during the year is set out below.

Committee Meetings and Attendance

The three members of the Committee are the three Non-Executive Directors: Laura Shesgreen, Matthew Singh, and myself, Michael Kelly. The Board considers that I have sufficient relevant experience to chair the Committee, give the Board level positions currently and previously held.

In the period from admission of the Company's shares to trading on AIM on 24 May 2021 to the year end on 31 December 2021 the inaugural meeting of the Committee took place and was attended by all three members.

Duties

The Committee works closely with the Board to formulate remuneration policy and consider succession plans and possible internal candidates for future Board roles, having regard to the views of shareholders. The main duties of the Committee include the following key responsibilities:

- Set remuneration policy for all Executive Directors, and in the process, review and give due consideration to pay and employment conditions throughout the Company, especially when determining annual salary increases;
- Approve the design of, and determine targets for any performance-related pay schemes operated by the Company;
- Recommend and monitor the level and structure of remuneration for senior management; and
- Review the design of all share incentive plans for approval by the Board and shareholders.

Remuneration of Executive Directors

The Remuneration Committee determines the Company's policy on the structure of Executive Directors' and if required, senior management's remuneration. The objectives of this policy are to:

- Reward Executive Directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of shareholders
- Provide a level of remuneration required to attract and motivate high-calibre Executive Directors and senior management of appropriate calibre
- Encourage value creation through consistent and transparent alignment of incentive arrangements with the agreed Company strategy over the long term
- Ensure the total remuneration packages awarded to Executive Directors, comprising both performance-related and non-performance-related remuneration, is designed to motivate the individual, align interests with shareholders and comply with corporate governance best practice.

Executive Directors' remuneration packages are considered annually by the Remuneration Committee in line with the above policy and comprise a number of elements:

Salaries

Salaries are normally reviewed annually with effect from 1 January taking into account inflation, salaries paid to directors of comparable companies, Group and personal performance.

Commission

In the years to 31 December 2021 and 2020, Rupert Hodson, Robert Cabell de Marcellus and Raphael Queisser received commission payments under a legacy plan which ceased as at 31 December 2021.

Annual Bonus

For the year ended 31 December 2021 Charlotte Stranner received a discretionary performance-related cash bonus. From 1 January 2022 onwards, all Executive Directors will be eligible to receive discretionary performance-related annual cash bonuses.

Other Benefits

Currently taxable benefits comprise private health cover and life insurance. A defined contribution pension scheme is also available and statutory minimum contributions are made for Executive Directors unless they opt out of the scheme. No changes were made to benefits during the year.

Share awards

Executive Directors may, at the discretion of the Remuneration Committee, be granted share option awards under the Company's share option schemes. Any awards granted are subject to performance criteria.

Remuneration Committee Report continued

Service agreements

Details of the Executive Directors' service agreements are set out below.

Director	Date of contract	Unexpired term	Notice period by the company	Notice period by the Director
Rupert Hodson	18 May 2021	Rolling contract	6 months	6 months
Charlotte Stranner	18 May 2021	Rolling contract	3 months	3 months
Raphael Queisser	18 May 2021	Rolling contract	6 months	6 months
Robert Cabell de Marcellus	18 May 2021	Rolling contract	6 months	6 months

Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board, based on a review of current practices in comparable companies. The Non-Executive Directors do not receive any pension payments and generally do not participate in any incentive schemes, with the exception of the Chairman who received some share options as listed in the sections below. In the light of best practice, it is not intended to grant any further share options to the Non-Executive Directors in the future. The Company repays the reasonable expenses that Non-Executive Directors incur in carrying out their duties as Directors.

Terms of appointment

Each of the Non-Executive Directors signed a letter of appointment on 18 May 2021 which can be terminated by either party giving to the other prior written notice of three months.

Directors' Remuneration

The following table summarises the Directors' remuneration for the year ended 31 December 2021 and the year ended 31 December 2020, in line with the Companies Act 2006 requirement. No share options were exercised by the directors in the year (2020: nil):

	FY21				
Name	Salary £'000s	Bonus/ Commission £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Michael Kelly	42	–	–	–	42
Rupert Hodson	205	96	7	2	310
Charlotte Stranner (appointed 27 April 2021)	133	53	–	1	187
Raphael Queisser	205	96	4	4	309
Robert Cabell de Marcellus	205	96	4	4	309
Laura Shesgreen (appointed 24 May 2021)	40	–	–	–	40
Matthew Singh[1]	50	–	–	–	50
Total	**880**	**341**	**15**	**11**	**1,247**

	FY20				
Name	Salary £'000s	Commission £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Michael Kelly	39	–	–	–	39
Rupert Hodson	190	107	17	2	316
Raphael Queisser	190	107	8	4	309
Robert Cabell de Marcellus	190	107	9	4	310
Matthew Singh[1]	50	–	–	–	50
Total	**659**	**321**	**34**	**10**	**1,024**

[1] the fee in respect of Matthew Singh's services as a Non-Executive Director is paid to BGF Investment Management Limited.

Share Options

During the year, certain directors were issued share options in the Company at the time of the Company's IPO on AIM. The options were issued at fair market value with the exercise price being equivalent to the price at which the new shares were placed with investors at the time of the Company's IPO on AIM. Details of options issued to directors are listed below:

Name	Date of Grant	Number	Exercise Price (£)
Michael Kelly	24 May 2021	54,945	2.73
Charlotte Stranner	24 May 2021	175,824	2.73

There are no other options issued to Directors, either vested or unvested outstanding from previous periods.

Directors' Interests

Shareholder	Number of Ordinary shares held	% held
Raphael Queisser[1]	3,632,134	12.1%
Rupert Hodson[2]	2,820,512	9.4%
Cabell de Marcellus	2,789,572	9.3%
Michael Kelly	294,432	1.0%
Charlotte Stranner	20,000	0.1%
Laura Shesgreen	–	–
Matthew Singh	–	–

[1] Includes shares held by Raphael Queisser connected parties

[2] Includes shares held by Philippa Hodson, Rupert Hodson's wife

Michael Kelly
Chair of the Remuneration Committee
4 May 2022

Directors and Corporate Information

Directors

Michael Kelly
Independent Non-Executive Chairman

Rupert Hodson
Chief Executive Officer

Charlotte Stranner
Chief Financial Officer

Raphael Queisser
Chief Operating Officer

Robert Cabell de Marcellus
Chief Technology Officer

Laura Shesgreen
Independent Non-Executive Director

Matthew Singh
Independent Non-Executive Director

Corporate

Company Secretary
SGH Company Secretaries Limited

Company Registered Number
Registered in England Number: 04513809

Registered Office
6th Floor, 60 Gracechurch Street, London, United Kingdom, EC3V 0HR

Head Office
Thomas House, 84 Ecclestone Square, London SW1V 1PX

Legal Advisors to the Company
K&L Gates LLP, One New Change, London EC4M 9AF

Auditor
BDO LLP, 55 Baker Street London W1U 7EU

Nominated Advisor and Broker
Panmure Gordon (UK) Limited, One New Change, London EC4M 9AF

Registrars
Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD

PR Advisers
Novella Communications, Somerset House Strand London WC2R 1LA

Directors' Report

The Directors present their Annual Report together with the audited financial statements of Dianomi plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021. The Group has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which is set out on pages 3 to 15 which otherwise would be required to be disclosed in this Directors' Report.

Results and Dividends

The results for the year ended 31 December 2021 are set out in the Group Statement of Comprehensive Income. Revenue for the year was £35.8 million, a 26% increase from £28.4 million in the 12 months ended 31 December 2020. The financial position of the Group and Company is set out in the Group and Company Statements of Financial Position. Future developments are set out in the CEO's Report.

The Directors do not recommend a dividend at 31 December 2021 (31 December 2020: £nil).

Principal Activity

The principal activity of the Group and Company is the delivery of premium native advertising for the financial services, technology, corporates and lifestyle sectors by providing the technology behind "Sponsored Content" ad units on hundreds of premium websites.

Directors

Details of Directors who served during the year and biographies for Directors currently in office can be found on pages 18 and 19. Details of the Directors' remuneration, share options, service agreements and interests in the Company's shares are provided in the Directors' Remuneration Report on pages 27 to 29.

Directors' indemnity

In accordance with its Articles of Association the Company has entered into contractual indemnities with each of the Directors in respect of its liabilities incurred as a result of their office. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and Officers' Liability Insurance policy throughout the period. Although the Directors' defence costs may be met, neither the Company's indemnity nor the insurance policy provides cover in the event that the Director is proved to have acted dishonestly or fraudulently. No claims have been made under the indemnity or against the policy.

Going Concern

In carrying out their duties in respect of going concern the Directors have reviewed current performance and forecasts, combined with capital investment and expenditure commitments. A number of sensitivities have been applied and a range of downside scenarios modelled. They have assessed the future funding requirements of the Group and compared them with available cash balances.

Under all scenarios modelled the Directors are confident that the Group has sufficient resources to enable it to meet its liabilities as they fall due. Having considered these forecasts and scenarios, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a minimum of 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

COVID-19

The Board has continued to monitor and respond to the effects of the global COVID-19 pandemic on the Group and took rapid steps to ensure there was no material impact on the Group's operations. In particular, in March 2020 the Board implemented an immediate work from home policy and travel restrictions, supported by well-defined remote working practices. This went smoothly, and the Group continues to operate a blend of home and office working.

Directors' Report continued

Significant Shareholdings

The Company has been notified that at close of business on 3 May 2022 the following parties were interested in 3% or more of the Company's Ordinary share capital:

Shareholder	Number of Ordinary shares held	% held
BGF Nominees Limited (a/c BGF)	4,461,620	14.9%
Hargreave Hale Limited	3,868,132	12.9%
Raphael Queisser[1]	3,632,134	12.1%
TB Amati UK Smaller Companies Fund	2,973,626	9.9%
Rupert Hodson[2]	2,820,512	9.4%
Cabell de Marcellus	2,789,572	9.3%
Chelverton Asset Management	1,904,762	6.3%

[1] Includes shares held by Raphael Queisser connected parties

[2] Includes shares held by Philippa Hodson, Rupert Hodson's wife

Equal opportunities

The Group seeks to recruit, develop and employ throughout the organisation suitably qualified, capable and experienced people, irrespective of sex, age, race, disability, religion or belief, marital or civil partnership status or sexual orientation. The Group gives full and fair consideration to all applications for employment made by people with disabilities, having regard to their particular aptitudes and abilities.

Any candidate with a disability will not be excluded unless it is clear that the candidate is unable to perform a duty that is intrinsic to the role, having taken into account reasonable adjustments. Reasonable adjustments to the recruitment process will be made to ensure that no applicant is disadvantaged because of his or her disability. The Group's policies for training, career development and promotion do not disadvantage people with disabilities.

Health and safety

The Group recognises and accepts its responsibilities for health, safety and the environment. The Group is committed to maintaining a safe and healthy working environment in accordance with applicable requirements at all locations in the UK and overseas. The Chief Operating Officer is responsible for the implementation of the Group policy on health and safety.

Political donations

During the year, the Group made no political donations (2020: £nil).

Charitable donations

During the year ended 31 December 2021, the Group made no charitable donations (2020: £nil).

Financial instruments

Information on the Group's financial risk management objectives, policies and activities and on the Group's exposure to relevant risks in respect of financial instruments is set out in note 21 and 22.

Annual General Meeting

The AGM of the Company will be held on 1 June 2022. A notice of the Annual General Meeting will be sent out to shareholders separately to this Annual Report and Accounts.

Disclosure of Information to the Auditor

The Directors who were in office on the date of approval of these financial statements confirm that:

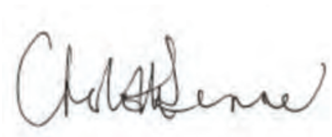
- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The Board appointed BDO LLP to act as Auditor for the year ended 31 December 2021. A resolution to reappoint BDO LLP as Auditor of the Company and to authorise the Board to fix their remuneration will be proposed at the forthcoming AGM.

Share Capital

A share capital reorganisation was undertaken during the year which included a capitalisation of the Company's share premium account via a bonus share issue, re-designation of different share classes into ordinary shares and a sub-division of ordinary shares which resulted in a single class of share. As at 31 December 2021, the share capital of the Company comprises ordinary shares of 0.002p each. Each share carries the right to one vote at general meetings of the Company. The issued share capital of the Company, together with movements in the Company's issued share capital is shown in note 24 to the Financial Statements. Ordinary shareholders are entitled to receive notice and to attend and speak at general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representatives) has, on a show of hands, one vote. On a poll, each shareholder present in person or by proxy has one vote.



Charlotte Stranner
Chief Financial Officer
4 May 2022

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with UK adopted International Accounting Standards and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

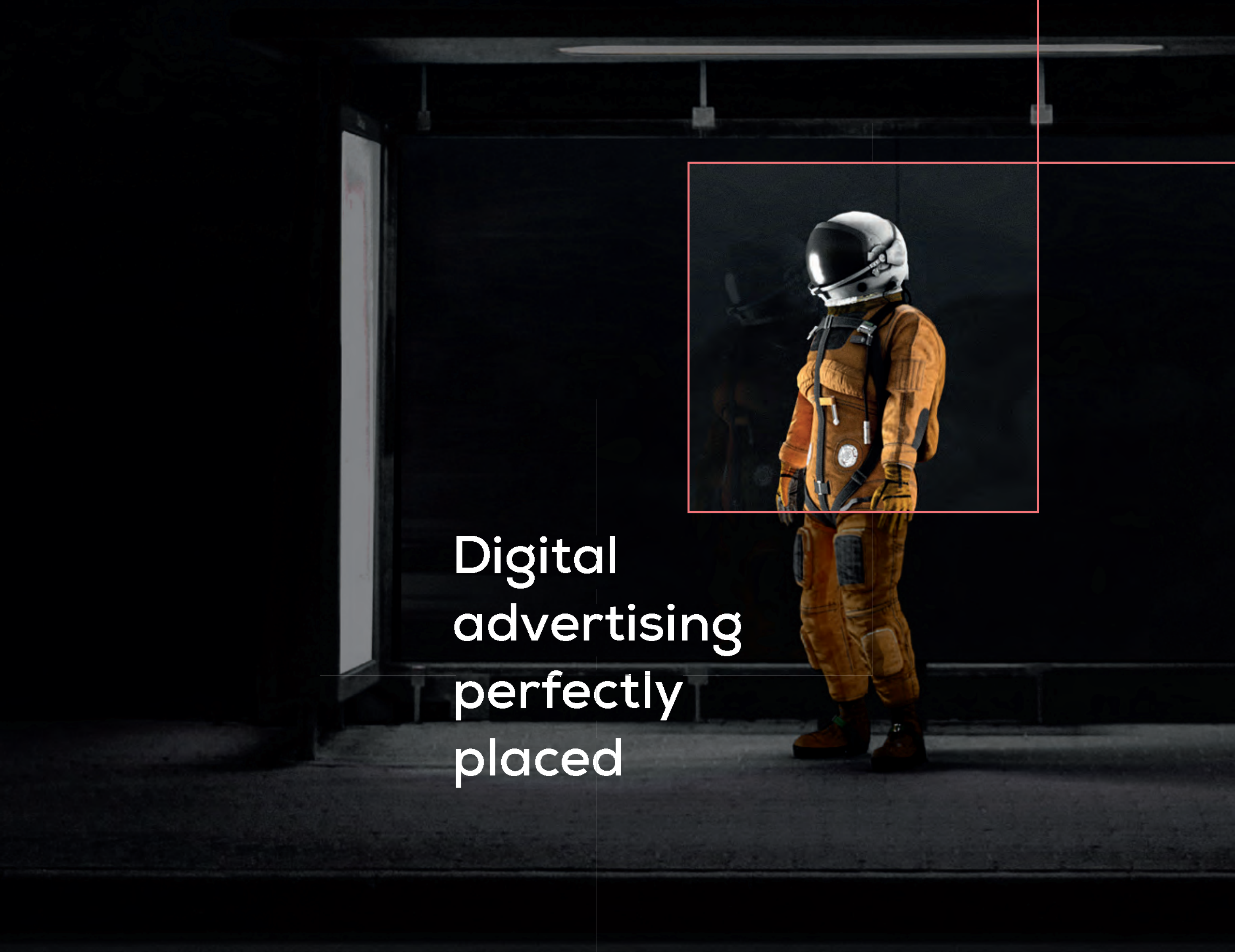
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Financial Statements



Digital advertising perfectly placed

Independent auditor's report to the members of Dianomi plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Dianomi plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of change in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to this risk we have performed the following procedures:

- Analysing director's assessment of going concern through analysis of the Group's cash flow forecast and other projections through to 30 June 2023. This included assessing and challenging assumptions made in relation to revenues, associated cash flows and expenses and any other cash related assumptions made through discussions with directors, completion of lookback procedures to review accuracy of historic forecasts and comparison against post year-end results to date.
- Performing sensitivity analyses, and reviewing the directors' reverse stress testing analysis, to consider cash flow changes if the revenue forecasts were not achieved and the resulting impact on going concern.
- Considering whether any post-balance sheet events have occurred, which may impact going concern.
- Assessing the adequacy of the disclosures in the financial statements in reference to the requirements of the financial reporting framework and our knowledge of the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	*99% of Group profit before tax* *97% of Group revenue* *96% of Group total assets*
Key audit matters	**2021** Revenue recognition √ Share based payments √
Materiality	*Group financial statements as a whole* £536,000 based on 1.5% of revenue

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In establishing the overall approach to the Group audit, we assessed the audit significance of each reporting unit in the Group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results. We identified three components within the group, including the Parent Company. Based on our scoping procedures, two components were considered to be individually significant with the remaining component being not significant.

The group audit team performed full scope audits on the two significant components being Dianomi Plc (the Parent Company) and its subsidiary, Dianomi Inc. The financial information of the remaining not significant component was subject to analytical review procedures performed by the group audit team for Group reporting purposes.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition (Note 2.5.1 and Note 4)	The Group has one revenue stream from which revenue is recognised at a point in time and in reference to a contractually agreed price and the volume of units delivered. We identified a fraud risk relating to the measurement and existence of revenue, specifically relating to the alignment of the transaction price within the underlying sales platform to the contracts with customers, and further from whether the performance obligations in the contracts with customers have been met such that revenue can be recognised. Given the volume of transactions and the significance of revenue in the context of the financial statements and the audit, we considered this to be a key audit matter.	Our procedures included the following: • Testing a sample of revenue recognised in the financial system during the year by; agreeing the transaction price to underlying contracts with customers, obtaining evidence of delivery of the performance obligation by inspecting the sales reports derived from the underlying sales platform, agreeing the volume of units delivered to the sales reports, and agreeing the cash receipt from the customer to the bank statement. • Testing a sample of transactions from the sales reports, derived from the underlying sales platform to the invoice and the amount recognised in the financial system.

Independent auditor's report to the members of Dianomi plc continued

Key audit matter		How the scope of our audit addressed the key audit matter
		• Reconciling the revenue per the financial system to the underlying sales reports and obtaining supporting documentation for reconciling items. • Tracing a sample of the cash receipts from customers per the financial systems to the bank statements. • Selecting an additional sample of revenue transactions in the period before and after financial year end and testing that these were recorded in the correct period by reference to the invoice date and the date that the performance obligations were satisfied, per the sales reports. **Key observations:** We consider that the revenue has been appropriately measured and recognised in terms of the underlying contracts with customers.
Share Based Payments (Note 2.5.13, Note 3 & Note 25)	The Group has issued new share options under a new scheme in the period. There has also been a significant charge in the current year due to share options exercising upon the group listing within the year. The charge recognised as a share-based payment expense and in the share option reserve is impacted by the valuation of each scheme and the vesting period. The valuation of each of these schemes is derived from a Black Scholes Valuation model which is based on inputs which are subject to estimation and judgement, including; volatility, exercise price, life of the scheme and the risk free rate. For all schemes, there is a risk that the assumptions used in the model are inappropriate and that the vesting period applied is incorrect, which could result in misstatement of the share based payment expense and the share option reserve.	Our procedures included the following: • Assessing the reasonability of the assumptions used in the Black Scholes Valuation model, with the assistance of our valuation experts, by: o Assessing the discount rate through comparison to available data for similar companies. o Assessing the basis on which expected volatility has been determined, by considering the volatility of share prices of entities in similar industry; • Testing the risk free used for the purposes of the valuation to external market data; • Agreeing the exercise price used in the valuation model to the scheme terms; • Reviewing and considering the basis on which management has estimated the life of the scheme for the purposes of valuation by considering the likelihood of vesting conditions being met with reference to forecast financial information; • Testing that the period over which charges are being spread are in accordance with the vesting rules by inspecting the underlying share scheme agreements;

Key audit matter	How the scope of our audit addressed the key audit matter
	• Recalculating the charge which is recognised as a share based payment expense and in the share option reserve with reference to the valuation model and the vesting period per the vesting rules. **Key observations:** We consider that the assumptions used in the share based valuation model and the vesting periods are appropriate and that the resulting charge recognised within the year is accurate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
	2021 £	2021 £
Materiality	536,000	107,000
Basis for determining materiality	1.5% of group revenue	1.5% of parent company revenue
Rationale for the benchmark applied	Revenue has been determined to be the most relevant performance measure to the user of the financial statements given the Group's current focus on revenue growth	Revenue has been determined to be the most relevant performance measure to the user of the financial statements given the Parent Company's current focus on revenue growth.
Performance materiality	402,000	80,000
Basis for determining performance materiality	75% of group materiality. We set performance materiality at 75% based on our expectation of level of misstatement and managements attitude towards risks and adjustments.	75% of parent company materiality. We set performance materiality at 75% based on our expectation of level of misstatement and managements attitude towards risks and adjustments.

Component materiality

We set materiality for each component of the Group based on a percentage of materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from 20% to 95% of Group materiality, being £107,000 to £510,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £16,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Independent auditor's report to the members of Dianomi plc continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, rules of the London Stock Exchange for companies trading securities on AIM, the Companies Act 2006, data privacy and relevant tax compliance regulations including but not limited to, Corporate and VAT legislation and Employment Taxes.

We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company financial statements and the susceptibility of the entity's financial statements to material misstatement including fraud. Our tests included, but were not limited to:

- Enquiries with those charged with governance and the directors as to any known or suspected non-compliance with laws and regulations and fraud.
- Review of minutes of Board meetings throughout the year to corroborate our enquiries with those charged with governance and the directors;
- Review of tax compliance and involvement of our tax specialists in the audit; and
- Agreement of the financial statement disclosures to underlying supporting documentation;
- We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors the processes and controls.
- We assessed the susceptibility of the financial statements to material misstatement as a result of fraud and considered the areas in which fraud might occur were related to revenue recognition and management override of controls in the posting of journal entries. In addressing the risk of management override of controls we identified and tested journal entries meeting specific criteria and considered the presence of bias in key accounting estimates. In addressing the risk in revenue our procedures included those referred to in our key audit matter section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smithson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
4 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 Dec 2021 £000	Year ended 31 Dec 2020 £000
Revenue	4	35,782	28,430
Cost of sales		(25,455)	(20,285)
Gross profit		**10,327**	**8,145**
Administrative expenses	7	(10,264)	(5,939)
Other gains and losses		18	–
Costs relating to IPO	3	(637)	(115)
Other operating income	6	–	38
Fair value movements		(21)	9
Operating (loss)/profit		**(577)**	**2,138**
Depreciation	14	154	103
Share-based payments	25	2,854	–
Costs relating to IPO	3	637	115
Adjusted EBITDA		**3,068**	**2,356**
Finance income	10	5	7
Finance expense	10	(46)	(105)
(Loss)/profit on ordinary activities before taxation		**(618)**	**2,040**
Taxation	11	122	(534)
(Loss)/profit for the year		**(496)**	**1,506**
Other comprehensive income/(loss) items that may be reclassified subsequently to profit or loss			
Currency translation differences		44	(182)
Total comprehensive (loss)/income for the year attributable to the owners of the company		**(452)**	**1,324**
Basic (loss)/earnings per ordinary share (p)	13	(1.77)	6.05
Diluted (loss)/earnings per ordinary share (p)	13	(1.77)	5.78

All operations are continuing operations.

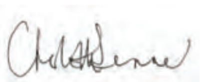
The notes on pages 46 to 69 form part of the financial statements.

Consolidated Statement of Financial Position

	Note	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 January 2020 £000
Non-current assets				
Right-of-use assets	14	–	154	–
Total non-current assets		**–**	**154**	**–**
Current assets				
Trade and other receivables	16	7,395	5,906	4,796
Deferred tax asset	12	675	–	–
Cash and cash equivalents	17	10,278	4,722	2,842
Total current assets		**18,348**	**10,628**	**7,638**
Total assets		**18,348**	**10,782**	**7,638**
Current liabilities				
Trade and other payables	18	(8,081)	(5,636)	(4,399)
Corporation tax payable		(142)	(427)	(1)
Lease liabilities	20	–	(157)	–
Total current liabilities		**(8,223)**	**(6,220)**	**(4,400)**
Non-current liabilities				
Loans and borrowings	19	–	(1,250)	(1,250)
Total non-current liabilities		**–**	**(1,250)**	**(1,250)**
Total liabilities		**(8,223)**	**(7,470)**	**(5,650)**
Net assets		**10,125**	**3,312**	**1,988**
Equity				
Share capital	24	60	–	–
Share premium account		5,436	1,085	1,085
Share options reserve		2,854	–	–
Foreign currency reserve		(512)	(556)	(374)
Capital redemption reserve		–	–	–
Retained earnings		2,287	2,783	1,277
Total equity attributable to the owners of the company		**10,125**	**3,312**	**1,988**

The financial statements of Dianomi plc (Company number 04513809) were approved by the Board of Directors and authorised for issue on 4 May 2022.

They were signed on its behalf by:



Charlotte Stranner, Chief Financial Officer
4 May 2022

The notes on pages 46 to 69 form part of the financial statements.

Consolidated Statement of Changes In Equity

	Attributable to the owners of the Company						
	Share capital £000	Share premium account £000	Capital redemption reserve £000	Share options reserve £000	Foreign currency reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	**–**	**1,085**	**–**	**–**	**(556)**	**2,783**	**3,312**
Comprehensive income for the period							
Loss for the period	–	–	–	–	–	(496)	(496)
Currency translation differences	–	–	–	–	44	–	44
Total comprehensive income for the period	–	–	–	–	44	(496)	(452)
Transactions with owners of the Company							
Shares issued	60	4,947	–	–	–	–	5,007
Transaction costs	–	(596)	–	–	–	–	(596)
Share-based payment credit	–	–	–	2,854	–	–	2,854
Total transactions with owners of the Company	60	4,351	–	2,854	–	–	7,265
Balance at 31 December 2021	**60**	**5,436**	**–**	**2,854**	**(512)**	**2,035**	**10,125**
Balance at 1 January 2020	**–**	**1,085**	**–**	**–**	**(374)**	**1,277**	**1,988**
Comprehensive income for the year							
Profit for the year	–	–	–	–	–	1,506	1,506
Currency translation differences	–	–	–	–	(182)	–	(182)
Total comprehensive income for the year	–	–	–	–	(182)	1,506	1,324
Transactions with owners of the Company	–	–	–	–	–	–	–
Balance at 31 December 2020	**–**	**1,085**	**–**	**–**	**(556)**	**2,783**	**3,312**

The notes on pages 46 to 69 form part of the financial statements.

Consolidated Statement of Cash Flows

	Year ended 31 Dec 2021 £000	Year ended 31 Dec 2020 £000
Cash flows from operating activities		
(Loss)/profit on ordinary activities before taxation	(618)	2,040
Adjustments for:		
Depreciation – leased assets	154	103
Interest payable	46	105
Interest receivable	(5)	(7)
Increase in trade and other receivables	(1,489)	(1,313)
Increase in trade and other payables	2,445	1,154
Net fair value gain recognised in P&L	21	(9)
Share-based payment charge	2,854	–
Cash generated from operating activities	**3,408**	**2,073**
Taxation (paid)/received	(793)	5
Net cash generated from operating activities	**2,615**	**2,078**
Cash flows from investing activities		
Interest received	5	7
Net cash generated from investing activities	**5**	**7**
Cash flows from financing activities		
Issue of ordinary shares	4,411	–
Loan repayment	(1,250)	–
Interest paid	(44)	(102)
Interest paid in respect of leases	(2)	(3)
Capital payments in respect of leases	(160)	(103)
Net cash generated from/(used in) financing activities	**2,955**	**(208)**
Net increase in cash and cash equivalents	**5,575**	**1,877**
Cash and cash equivalents at beginning of period	4,722	2,842
Exchange movement on cash	(19)	3
Cash and cash equivalents at end of period	**10,278**	**4,722**

The notes on pages 46 to 69 form part of the financial statements.

Notes to the Financial Statements

1. General information

Dianomi plc (the "Company") and its subsidiaries' (together the "Group") principal activity is the delivery of premium native advertising for the financial services, technology, corporate sand lifestyle sectors. The Company was incorporated on 16 August 2002 in England and Wales as a private company limited by shares under the name Data-ID Limited. On 17 December 2002, the Company changed its name to Dianomi Limited. On 17 May 2021, the Company re-registered as a public limited company and changed its name to Dianomi plc.

The address of the registered office is 6th Floor, 60 Gracechurch Street, London, EC3V 0HR and the limited company number is 04513809.

2. Basis of preparation and significant accounting policies

2.1. Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRSs) and the International Financial Reporting Standards Interpretation Committee (IFRS IC) interpretations as adopted by the UK that are effective or issued and early adopted as at the date of these financial statements and in accordance with the provisions of the Companies Act 2006.

The profit before interest, tax, depreciation, amortisation, share-based payment charge and exceptional costs (adjusted EBITDA) is presented in the income statement as the Directors consider this performance measure provides a more accurate indication of the underlying performance of the Company and is commonly used by City analysts and investors.

The preparation of financial statements requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the financial information, are disclosed in note 3.

The presentational and functional currency of the Company is sterling. Results in these financial statements have been prepared to the nearest £1,000.

2.2. Adoption of IFRS

This is the first period of account where the Company has prepared its financial statements in accordance with IFRSs as adopted by the UK. The statutory financial statements for the year ended 31 December 2020 were prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice – "UK GAAP").

The Company's effective IFRS transition date for the purposes of these financial statements was 1 January 2020. The effect of this transition to IFRS on the year-end statements of financial position at 1 January 2020 and 31 December 2020 and the statement of comprehensive income for the year ended 31 December 2020 are set out in note 27.

2.3. Basis of consolidation

The consolidated financial information incorporates the financial information of Dianomi Plc and all of its subsidiary undertakings. Subsidiary undertakings include entities over which the Group has effective control. The Group controls a group when it is exposed to, or has right to, variable returns from its involvement with the Group and has the ability to affect those returns through its power over the Group. In assessing control, the Group takes into consideration potential voting rights.

2.4. Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

At 31 December 2021 the Company had cash and cash equivalents of £10.3 million (2020; £4.7 million) and net current assets of £10.1 million (2020: £4.4 million). The Group has no debt facilities in place (2020: £1.2 million).

The Directors have prepared detailed cash flow forecasts for the next 18 months that indicate the existing activities of the Group do not require additional funding during that period. The forecasts are challenged by various downside scenarios to stress test the estimated future cash position. The Directors are pleased to note that the stress tests did not have a significant impact on the cash flow or cash position of the Group. In addition, current trading is in line with the forecast.

2.5. Principal Accounting Policies

2.5.1. Revenue

The Group's customers are direct advertisers, affiliate advertisers and advertising agencies with whom the Group will enter into a contract or insertion order.

The Group generates revenue by charging advertisers for advertising campaigns delivered through its platform. The customer's total spend on advertising is determined by multiplying an agreed performance metric option, such as cost per mil (CPM), cost per impression (CPI), click (CPC) or action (CPA) with the volumes of units delivered.

Revenue is recognised on completion of the performance criteria which, in most cases, is when an internet user clicks through to an advertisement that has been displayed on a web page.

Where advanced payments are made in advance of satisfying the performance obligation, these amounts are transferred to deferred revenue (contract liabilities) and recognised when the performance obligation has been met.

The Group's standard payment terms require settlement of invoices within 60-90 days of receipt.

The Group does not adjust the transaction price for the time value of money as it does not expect to have any contracts where the period between the transfer of the promised services to the client and the payment by the client exceeds one year.

2.5.2. Cost of sales

Cost of sales represents the direct expenses that are attributable to the services sold. They consist primarily of payments to publishers under the terms of the revenue share agreements that the Group has with them. Depending on the terms of the revenue share agreements, cost of sales can include commissions where applicable.

2.5.3. Taxation

Current tax is the tax currently payable based on the taxable profit for the year.

The Group recognises current tax assets and liabilities of entities in different jurisdictions separately as there is no legal right of offset.

Deferred tax is provided in full on temporary differences between the carrying amounts of assets and liabilities and their tax bases, except when, at the initial recognition of the asset or liability, there is no effect on accounting or taxable profit or loss under a business combination. Deferred tax is determined using tax rates and laws that have been substantially enacted by the statement of financial position date, and that are expected to apply when the temporary difference reverses.

Tax losses available to be carried forward, and other tax credits to the Group, are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

2.5.4. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.5.5. Development costs

Costs relating to the ongoing support and development of the Group's platform are recognised as an expense in profit and loss as incurred.

2.5.6. Foreign currency translation

a) Function and presentational currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial information is presented in 'sterling', which is the Company's functional currency and the Group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Notes to the Financial Statements continued

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5.7. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.5.8. Financial Instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not a fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on the trade date when the Group is no longer a party to the contractual provisions of the instrument.

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. All financial instruments held are classified as loans and receivables.

a) Trade and other receivables and trade and other payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

b) Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the performance obligation has been met.

c) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised costs using the effective interest method, less any impairment losses.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only on the cash flow statement.

e) Derivative financial instruments

Derivative financial instruments comprise economic hedges. Hedge accounting is not applied to derivative instruments that economically hedge financial assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in profit or loss under financing income or expenses.

2.5.9. Leases

The Group leases property in the UK, US and Australia.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

These leases are recognised as an expense on a straight-line basis over the term of the lease.

Lease liabilities are measured at the present value of contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. This is 3.0 per cent. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

No lease modification or reassessment changes have been made during the reporting period from changes in any lease terms or rent charges.

2.5.10. Earnings per share

The Group presents basic and diluted earnings per share on an IFRS basis. In calculating the weighted average number of shares outstanding during the period, any share restructuring is adjusted to allow comparability with other periods. The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, which arise from share options outstanding.

2.5.11. Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and leases recognised in the income statement using the effective interest method, unwinding of the discount on provisions, and not foreign exchange losses that are recognised in the statement of comprehensive income.

Financing income includes interest receivable on funds invested.

Interest income and interest payable are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

2.5.12. Costs relating to IPO

Items which are material because of their size or nature and which are non-recurring are highlighted separately on the face of the consolidated statement of comprehensive income. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance. Items which have been included within this category are the costs relating to the Company's IPO on AIM in May 2021. The costs specifically related to the issue of new shares have been set against share premium. Other IPO costs which relate to listing both new and existing shares have been allocated on a 50/50 basis between exceptional P&L costs and share premium.

Costs relating to the IPO are excluded from the headline profit measures used by the Group and are highlighted separately in the consolidated statement of comprehensive income as management believe that they need to be considered separately to gain an understanding the underlying profitability of the trading businesses.

2.5.13. Employee Benefits

Post-retirement benefits

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in administrative expenses in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the Financial Statements continued

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with the fair value of goods and services received.

2.6. Standards issued but not yet effective

At the date of authorisation of these financial statements, there is expected to be no material impact to the Group financial statements from IFRSs, IFRICs or other standards or interpretations that have been issued but which are not yet effective.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IAS 1 Presentation of liabilities as current or non-current
- IAS 1 Disclosure of accounting policies
- IAS 8 Definition of accounting estimates

The new standards, listed above, are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.7. Alternative performance measures

In order to provide better clarity to the underlying performance of the Group, adjusted EBITDA and adjusted earnings per share are used as alternative performance measures. These measures are not defined under IFRS. These non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, but have been included as the Directors consider adjusted EBITDA and adjusted earnings per share to be a key measures used within the business for assessing the underlying performance of the Group's ongoing business across periods. Adjusted EBITDA excludes from operating profit non-cash depreciation, share-based payment charges and non-recurring exceptional costs. Adjusted EPS excludes from profit after tax share-based payment charges and non-recurring exceptional items and their related tax impacts. Please refer to note 8 for reconciliations to Alternative Performance Measures ("APMs").

3. Judgements and key sources of estimation uncertainty

The preparation of the consolidated financial information requires the Directors to make estimates and judgements that affect the reported amounts of assets, liabilities, costs and revenue in the consolidated financial information. Actual results could differ from these estimates. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the consolidated financial information are:

Estimations:

- *Share-based payments*: the Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted and requires assumptions to be made in particular the value of the shares at the date of options granted. Management have had to apply judgement when selecting assumptions.
- *Receivables provision*: the Group reviews the amount of credit loss associated with its trade receivables, intercompany receivables and other receivables based on historical default rates as well as forward looking estimates that consider current and forecast credit conditions.

Judgements:

- *Deferred tax*: the extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties.
- *Going concern*: The financial statements have been prepared on the going concern basis based on a judgement by the Directors that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future, being a period of at least 18 months from the date of signing these financial statements. In this context, the Directors have prepared detailed cash flow forecasts for the next 18 months that indicate the existing activities of the Group do not require additional funding during that period. The forecasts were challenged by various downside scenarios to stress test the estimated future cash position. The Directors note that the stress tests did not have a significant impact on the cash flow or cash position of the Group. In addition, current trading is in line with the forecast.
- *Treatment of costs incurred on the equity raise*: the decision of how to split the costs incurred on an equity raise via IPO requires judgement given that, whilst costs incurred on an equity raise should be recognised against equity in share premium, costs that relate to a stock market listing should be recognised as an expense in the Statement of Comprehensive Income. Costs incurred relating to Admission were split as follows:

	Year to 31 Dec 2021 £000	**Year to 31 Dec 2020 £000**
Share Premium	596	–
Statement of Comprehensive Income	637	115
	1,233	115

4. Revenue

Revenue arises from:

	Year to 31 Dec 2021 £000	**Year to 31 Dec 2020 £000**
EMEA	7,149	4,836
U.S.A.	27,451	21,879
APAC	1,182	1,715
	35,782	28,430

5. Operating segments

The Group is operated as one global business by its executive team, with key decisions being taken by the same leaders irrespective of the geography where work for clients is carried out. The Directors consider that the geographies where the Group operates have similar economic and operating characteristics and the products and services provided in each region are all related to premium native advertising. Management therefore consider that the Group has one operating segment. The Group report is presented and measured to the Board as a single segment and is consistent with the financial statements. As such, no additional disclosure has been recorded under IFRS 8.

6. Other operating income

	Year to 31 Dec 2021 £000	**Year to 31 Dec 2020 £000**
Other operating income	–	38
	–	38

Other operating income in the year ended 31 December 2020 related to a grant Dianomi Pty Ltd received from the Australian government as financial support during the Covid-19 pandemic.

Notes to the Financial Statements continued

7. Administrative expenses

	Year to 31 Dec 2021 £000	Year to 31 Dec 2020 £000
Direct staff costs	4,702	3,966
IT and software costs	834	677
Legal and professional	905	620
Rent	106	148
Insurance	90	56
Depreciation – leased assets	154	104
Foreign exchange losses/(gains)	90	(1)
Share-based payments	2,854	–
Other administrative expenses	529	369
	10,264	5,939

During the year the Group obtained the following services from the Company's auditors as detailed below:

	Year to 31 Dec 2021 £000	Year to 31 Dec 2020 £000
Audit fees	75	48
Other services:		
Tax compliance	11	12
Accounts preparation	–	8
Transfer pricing advice	12	–
Agreed upon procedures on interim results	19	–
	117	68

8. Reconciliations to Alternative Profit Measures

In order to provide better clarity to the underlying performance of the Group, Dianomi uses adjusted EBITDA and adjusted earnings per share as alternative performance measures. These measures are not defined under IFRS. These non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, but have been included as the Directors consider adjusted EBITDA and adjusted earnings per share to be key measures used within the business for assessing the underlying performance of the Group's ongoing business across periods. Adjusted EBITDA excludes non-cash depreciation charges, share-based payment charges and non-recurring exceptional costs from operating profit. Adjusted EPS excludes share-based payment charges and non-recurring exceptional items and their related tax impacts from profit after tax.

The table below sets out the reconciliation of the Group's adjusted EBITDA and adjusted profit before tax from profit before tax.

	Year to 31 Dec 2021 £000	Year to 31 Dec 2020 £000
(Loss)/profit before tax	**(618)**	**2,040**
Adjusting items:		
Costs relating to the IPO	637	115
Share-based payments	2,854	–
Adjusted profit before tax	**2,873**	**2,155**
Depreciation	154	103
Net finance expense	41	98
Adjusted EBITDA	**3,068**	**2,356**

The table below sets out the reconciliation of the Group's adjusted profit after tax to adjusted profit before tax.

	Year to 31 Dec 2021 £000	Year to 31 Dec 2020 £000
Adjusted profit before tax	**2,873**	**2,155**
Tax credit/(charge)	122	(534)
Tax impact of adjusting items	(677)	(23)
Adjusted profit after tax	**2,318**	**1,598**

Adjusted profit after tax is used in calculating adjusted basic and adjusted diluted EPS. Adjusted profit after tax is stated before adjusting items and their associated tax effects. Adjusted EPS is calculated by dividing the adjusted profit after tax for the period attributable to Ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Adjusted diluted EPS is calculated by dividing adjusted profit after tax by the weighted average number of shares adjusted for the impact of potential ordinary shares. Potential Ordinary shares are treated as dilutive when their conversion to Ordinary shares would decrease EPS. Please refer to note 13 for further detail.

9. Employee information

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Year to 31 Dec 2021 Number	Year to 31 Dec 2020 Number
Directors	7	5
Employees	34	27
	41	32

The aggregate payroll costs of these persons (including directors) were as follows:

	Year to 31 Dec 2021 £000	Year to 31 Dec 2020 £000
Wages and salaries	4,226	3,410
Social security costs	408	351
Pension costs	69	66
Share-based payment expense	2,854	–
	7,557	3,827

A defined contribution pension scheme is operated by a third party and the Group pays contributions on behalf of the employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund. Contributions amounting to £nil were payable to the fund at the end of 2021 (2020: £nil).

Notes to the Financial Statements continued

9. Employee information

Key management personnel include employees across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel are considered to be the directors of the Group and details regarding their remuneration are set out below:

	Year ended 31 December 2021					
Name	Salary £'000s	Bonus/ Commission £'000s	Share-based payment charge £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Michael Kelly	42	–	8	–	–	50
Rupert Hodson	205	96	–	7	2	310
Charlotte Stranner (appointed 27 April 2021)	133	53	27	–	1	214
Raphael Queisser	205	96	–	4	4	309
Robert Cabell de Marcellus	205	96	–	4	4	309
Laura Shesgreen (appointed 24 May 2021)	40	–	–	–	–	40
Matthew Singh[1]	50	–	–	–	–	50
Total	**880**	**341**	**35**	**15**	**11**	**1,282**

[1] The fee in respect of Matthew Singh's services as a Non-Executive Director is paid to BGF Investment Management Limited.

	Year ended 31 December 2020					
Name	Salary £'000s	Commission £'000s	Share-based payment charge £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Michael Kelly	39	–	–	–	–	39
Rupert Hodson	190	107	–	17	2	316
Raphael Queisser	190	107	–	8	4	309
Robert Cabell de Marcellus	190	107	–	9	4	310
Matthew Singh[1]	50	–	–	–	–	50
Total	**659**	**321**	**–**	**34**	**10**	**1,024**

[1] The fee in respect of Matthew Singh's services as a Non-Executive Director is paid to BGF Investment Management Limited.

The highest paid director received remuneration of £310k (2020: £316k). No share options were exercised by the directors in the year (2020: nil). The share based payment charges relate to unexercised options issued in the year.

10. Finance income and expenses

	Year to 31 Dec 2021 £000	Year to 31 Dec 2020 £000
Interest received	5	7
Total finance income	5	7
Loan note interest	44	101
On lease liability	2	4
Total finance expense	46	105

11. Taxation

	Year to 31 Dec 2021 £000	Year to 31 Dec 2020 £000
UK corporation tax		
Current tax on income for the year	–	–
Adjustments in respect of prior periods	–	–
	–	–
Foreign tax		
Foreign tax on income for the year	553	534
Total current tax	553	534
Deferred tax		
Origination and reversal of timing differences	(675)	–
Total deferred tax	(675)	–
Taxation on profit on ordinary activities	(122)	534

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	Year to 31 Dec 2021 £000	Year to 31 Dec 2020 £000
(Loss)/profit on ordinary activities before taxation	(618)	2,040
(Loss)/profit on ordinary activities multiplies by standard rate of corporation tax in the UK of 19% (2020: 19%)	(118)	388
Effects of:		
Expenses not deductible for tax purposes	657	96
Foreign tax	225	144
Difference in tax rates	(96)	(17)
Deferred tax not recognised	(790)	(77)
Tax on profit	(122)	534

12. Deferred Tax

Deferred Tax Asset

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000
Tax losses	675	–
	675	–

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. There is a potential additional deferred tax asset of £1.3 million in respect of tax losses of £5.1 million.

Notes to the Financial Statements continued

13. Earnings per share

The Group presents non-adjusted and adjusted basic and diluted earnings/loss per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit/loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Share numbers for 2020 have been adjusted to reflect the share reorganisation which took place in May 2021.

Diluted EPS takes into consideration the Company's dilutive contingently issuable shares. The weighted average number of ordinary shares used in the diluted EPS calculation is inclusive of the number of share options that are expected to vest subject to performance criteria as appropriate, being met.

The (loss)/profit and weighted average number of shares used in the calculations are set out below:

	Year to 31 Dec 2021 £000	**Year to 31 Dec 2020 £000**
(Loss)/profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted EPS	(496)	1,506
Basic (loss)/earnings per ordinary share (p)	(1.77)	6.05
Diluted (loss)/earnings per ordinary share (p)	(1.77)	5.45

Adjusted basic and diluted EPS	**Year to 31 Dec 2021 £000**	**Year to 31 Dec 2020 £000**
Reconciliation of earnings used in calculating adjusted EPS:		
(Loss)/profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted EPS	(496)	1,506
Adjusting items:		
Share-based payments	2,854	–
Costs relating to the IPO	637	115
Tax impact of adjusting items	(677)	(23)
Profit attributable to the ordinary equity holders of the Group used in calculating adjusted basic and diluted EPS	2,318	1,598
Adjusted basic earnings per ordinary share (p)	8.27	6.41
Adjusted diluted earnings per ordinary share (p)	7.65	5.78
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted basic EPS	28,024,038	24,913,036
Weighted share option dilution impact	2,264,678	2,716,169
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted diluted EPS	30,288,716	27,629,205

14. Right-of-use assets

	Leased property £000
Cost	
At 1 January 2020	–
Additions	257
At 31 December 2020	257
At 1 January 2021	257
At 31 December 2021	257
Depreciation	
At 1 January 2020	–
Depreciation charge	103
At 31 December 2020	103
At 1 January 2021	103
Depreciation charge	154
At 31 December 2021	257
Net book value	
At 31 December 2020	154
At 31 December 2021	–

Lease liabilities in respect of right-of-use assets were £nil as at 31 December 2021 (2020: £157). The discount rate used in determining the present value of the lease liability was 3%. The interest expense recognised in the statement of comprehensive income for the year ended 31 December 2021 was £2k (2020: £4k).

15. Subsidiaries

The undertakings in which the Group's interest at the year-end is 20 per cent. or more are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	At 31 Dec 2021	At 31 Dec 2020
Dianomi Inc	United States	Business support services	100%	100%
Dianomi PTY	Australia	Business support services	100%	100%

The registered office of Dianomi Inc is Corporate Service Bureau Inc., 28 Old Rudnick Lane, Dover, Delaware,19901.

The registered office of Dianomi PTY is ALM Williams Partners, Level 2, 570 St Kilda Road, Melbourne, VIC 3004.

16. Trade and other receivables

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 Jan 2020 £000
Current			
Trade receivables	7,169	5,240	3,522
Prepayments	59	52	40
Loan receivable	97	154	165
Other receivables	70	74	192
Derivative financial instruments measured at fair value through profit or loss	–	386	858
	7,395	5,906	4,797

All of the trade receivables were non-interest bearing and receivable under normal commercial terms. The directors consider that the carrying value of trade and other receivables approximates to their fair value.

The loan receivable balances relate to a loan owed from Buckingham Gate Financial Services Limited, a shareholder and related party. The loan accrues annual interest at 4%.

The expected credit loss on trade and other receivables was not material at the current or prior year end. For analysis of the maximum exposure to credit risk, please refer to note 22.

Notes to the Financial Statements continued

The impairment loss recognised in the income statement for the period in respect of bad and doubtful trade receivables was £17k (2020: £nil).

The ageing of trade receivables is detailed below:

As at 31 December 2021

	< 30 days £000	< 60 days £000	< 90 days £000	< 180 days £000	> 180 days £000	Total £000
Gross carrying amount	3,920	1,459	889	407	494	**7,169**

As at 31 December 2020

	< 30 days £000	< 60 days £000	< 90 days £000	< 180 days £000	> 180 days £000	Total £000
Gross carrying amount	3,377	948	436	215	264	**5,240**

As at 1 January 2020

	< 30 days £000	< 60 days £000	< 90 days £000	< 180 days £000	> 180 days £000	Total £000
Gross carrying amount	1,849	843	547	237	46	**3,522**

17. Cash and cash equivalents

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 Jan 2020 £000
Cash at bank and in hand	10,278	4,722	2,842

Cash at bank earns interest at floating rates based on daily bank deposit rates.

18. Trade and other payables

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 Jan 2020 £000
Current liabilities			
Trade payables	3,780	2,359	1,665
Other taxes and social security costs	228	63	107
Contract liabilities	376	263	229
Other payables and accruals	3,697	2,586	1,551
Derivative financial instruments measured at fair value through profit or loss	–	365	847
	8,081	5,636	4,399

The fair value of trade and other payables approximates to book value at each year end. Trade payables are non-interest bearing and are normally settled monthly.

19. Loans and borrowings

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 Jan 2020 £000
Non-current liabilities			
Other loans	–	1,250	1,250
	–	1,250	1,250

In 2018 the Group issued loan notes totalling £1,250,000 to BGF Investments LP ("BGF"), a shareholder and related party. The loan notes accrued annual interest at 8% and were repayable in 4 equal, bi-annual instalments starting 31 December 2023, however the loan notes were repaid in full following the Company's admission to trading on AIM in May 2021.

20. Lease liabilities

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 Jan 2020 £000
Current liabilities			
Lease liabilities	–	157	–
	–	157	–

The Group leases an office building in London for use by its staff. The discount rate used in determining the present value of lease liabilities was the Group's incremental borrowing rate of 3%. The interest expense recognised in the consolidated statement of comprehensive income for the year ended 31 December 2021 was £2k (2020: £4k). Payments of £159k (2020: £104k) in respect of rental payments paying down lease liabilities have been recognised in the consolidated statement of cash flows.

All other leases are considered short term as the lease terms are 12 months or less. The total amount recorded in the consolidated statement of comprehensive income in respect of short term leases is £88k (2020: £148k). Remaining commitments on short term leases are recorded below.

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 Dec 2020 £000
Within one year	175	53	68
	175	53	68

21. Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 Jan 2020 £000
Financial assets			
Derivative financial instruments measured at fair value through profit or loss	–	386	858
Financial assets measured at amortised cost:			
Cash at bank and in hand	10,278	4,722	2,842
Trade receivables	7,169	5,240	3,522
Loan receivable	97	154	165
Other receivables	70	74	91
	17,614	10,576	7,478
Financial liabilities			
Derivative financial instruments measured at fair value through profit or loss	–	365	847
Financial liabilities measured at amortised cost:			
Trade payables	3,780	2,359	1,665
Other payables and accruals	3,697	2,586	1,551
	7,477	5,310	4,063

The Group's income, expense, gains and losses in respect of financial assets measured at fair value through profit or loss realised a fair value loss of £21k (2020: gain of £9k).

Notes to the Financial Statements continued

Hedge against volatility of foreign exchange rates

In order to hedge against the potential volatility of unfavourable foreign exchange rates, during 2020 and 2019, the Group entered into various forward contract agreements with Silicon Valley Bank.

As at 1 January 2020, the Group had three forward contract agreements yet to reach their settlement date and as such were fair valued generating a fair value gain of £11,491. These contracts closed in 2020 resulting in the reversal of the fair value gain.

As at 31 December 2020, the Group had one forward contract agreement yet to reach its settlement date and as such was fair valued generating a fair value gain of £20,612. The net fair value gain for 2020 was £9,121.

The contract yet to reach its settlement date as at 31 December 2020 closed in 2021 resulting in the reversal of the fair value gain of £20,612.

22. Financial risk management

The Group and Company is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. All of the Group's financial instruments are classified as loans and receivables. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below:

Credit risk

Generally the Group's and Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 Jan 2020 £000
Trade receivables	7,169	5,240	3,522
Other receivables	167	228	357
	7,336	5,468	3,879

Credit risk is the risk of financial risk to the Group and Company if a counter party to a financial instrument fails to meets its contractual obligation. The nature of the Group's and Company's debtor balances, the time taken for payment by clients and the associated credit risk are dependent on the type of engagement.

The Group's and Company's trade and other receivables are actively monitored. The ageing profile of trade receivables is monitored regularly by Directors. Any debtors over 60 days are individually reviewed by Directors every month and explanations sought for any balances that have not been recovered.

Unbilled revenue is recognised by the Group and Company only when all conditions for revenue recognition have been met in line with the Group's accounting policy.

The Directors are of the opinion that there is no material credit risk at group level.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group seeks to manage financial risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

Contractual maturities of financial liabilities at 31 December 2021

	Less than 6 months £000	6-12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total contractual cashflows £000	Carrying amount (assets)/ liabilities £000
Trade and other payables	8,081	–	–	–	–	8,081	8,081
Total	8,081	–	–	–	–	8,081	8,081

Contractual maturities of financial liabilities at 31 December 2020

	Less than 6 months £000	6-12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total contractual cashflows £000	Carrying amount (assets)/ liabilities £000
Trade and other payables	5,636	–	–	–	–	5,636	5,636
Loan borrowings	–	–	–	1,250	–	1,250	1,250
Lease liabilities	79	78	–	–	–	157	157
Total	5,715	78	–	1,250	–	7,043	7,043

Contractual maturities of financial liabilities at 1 January 2020

	Less than 6 months £000	6-12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total contractual cashflows £000	Carrying amount (assets)/ liabilities £000
Trade and other payables	3,522	–	–	–	–	3,522	3,522
Loan borrowings	–	–	–	1,250	–	1,250	1,250
Corporation tax payable	1	–	–	–	–	1	1
Total	3,523	–	–	1,250	–	4,803	4,803

Interest rate risk

As at 31st December 2021 the Group has no interest rate risk exposure as following the IPO, the loan notes in issue to BGF were repaid in full.

As at 1 January 2020 and 31 December 2020 the Group was not exposed to interest rate risk as the only loan facilities that the Group had in place were loan notes, which were subject to a fixed rate of interest of 8% per annum. The balance on the loan notes was £1,250,000 as at 31 December 2020.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily US Dollars and Australian Dollars. The Group monitors exchange rate movements closely and occasionally enters into forward contract agreements to hedge against the potential volatility of unfavourable foreign exchange rates. The Group ensures adequate funds are maintained in appropriate currencies to meet known liabilities. The Group also has trade receivable balances in foreign currency and monitors the potential effect of any exchange rate movements on these balances.

The Group's exposure to foreign currency risk at the end of the respective reporting period, expressed in Currency Units, was as follows:

	As at 31 Dec 2021 £000					
	USD	CAD	EUR	AUD	INR	SGD
Cash & cash equivalents	7,486	84	731	727	914	225

	As at 31 Dec 2020 £000					
	USD	CAD	EUR	AUD	INR	SGD
Cash & cash equivalents	4,210	464	116	747	914	168

	As at 1 Jan 2020 £000					
	USD	CAD	EUR	AUD	INR	SGD
Cash & cash equivalents	2,212	136	123	629	954	–

Notes to the Financial Statements continued

The Group is exposed to foreign currency risk on the relationship between the functional currencies of the Group companies and the other currencies in which the Group's material assets and liabilities are denominated. The table below summaries the effect on profit and loss had the functional currency of the Group weakened or strengthened against these other currencies, with all other variables held constant.

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000	As at 1 Jan 2020 £000
10% weakening of functional currency	191	400	222
10% strengthening of functional currency	(156)	(400)	(222)

The impact of a change of 10% has been selected as this has been considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movements.

Fair value of financial instruments

The fair values of all financial assets and liabilities approximates their carrying value.

Capital risk management policy

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern in order to continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Group considers its capital comprises share capital plus all reserves, which amounted to £10.1net cu million as at 31 December 2021 (2020: £3.3 million).

The Group has no debt facilities in place as at 31 December 2021 (2020: £1.25 million). Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

23. Related party disclosures

In 2018, BGF acquired shares in the Company alongside which the Group issued loan notes totalling £1.25 million to BGF. The loan notes accrued annual interest at 8% and were repaid in full following the Company's admission to trading on AIM in May 2021.

Transactions with BGF are disclosed below:

	Year ended 31 Dec 2021 £000	Year ended 31 Dec 2020 £000	Year ended 1 Jan 2020 £000
Annual fee	50	53	55
Interest on loan notes	42	101	100
	92	154	155

The annual fee due to BGF as at 31 December 2021 is £27k (2020: £16k). Up until the Company's IPO in May 2021, the annual fee related to a management fee payable by the Company under the terms of the investment agreement between BGF and the Company whereby BGF could appoint a representative to the Board. Following the Company's IPO, the annual fee relates specifically to Matthew Singh's (a representative of BGF) services as a Non-Executive Director.

Interest on loan notes due as at 31 December 2021 is £nil (31 December 2020: £30k, 1 January 2020: £25k). As at 31 December 2021, BGF held £nil loan notes (1 January 2020 and 31 December 2020: £1,250k).

The Group received revenues of £76k (2020: £54k) from Buckingham Gate Financial Services Limited, a company that is controlled by the shareholders of the Company. As at 31 December 2021 there were trade receivables from Buckingham Gate Financial Services Limited of £7k (31 December 2020: £16k, 1 January 2020: £28k). The Group also has a loan receivable from Buckingham Gate Financial Services Limited of £97k as at 31 December 2021 (31 December 2020: £154k, 1 January 2020: £165k), details of which are set out in note 16. Interest receivable of £5k accrued in the year ended 31 December 2021 (2020: £7k).

24. Share capital

Ordinary Shares

	Issued Shares Number	Nominal Value £	Issued Amount £
As at 1 January 2020 and 31 December 2020	18,345	0.01	184
As at 1 January 2021	18,345	0.01	184
Bonus issue	3,100,305	0.01	31,003
Redesignation of A, B and C ordinary shares to Ordinary Shares	1,859,514	0.01	18,595
Subtotal	4,978,164	0.01	49,782
Subdivision of ordinary shares	24,890,820	0.002	49,782
Issue of shares pursuant to exercise of options	3,305,650	0.002	6,611
Issue of shares pursuant to placing	1,831,501	0.002	3,663
As at 31 December 2021	**30,027,971**	**0.002**	**60,056**

A ordinary shares

	Issued Shares Number	Nominal Value £	Issued Amount £
As at 1 January 2020 and 31 December 2020	10,361	0.01	104
As at 1 January 2021	10,361	0.01	104
Bonus issue	1,751,009	0.01	17,510
Redesignation to Ordinary Shares	(1,761,370)	0.01	(17,614)
As at 31 December 2021	–		–

B ordinary shares

	Issued Shares Number	Nominal Value £	Issued Amount £
As at 1 January 2020 and 31 December 2020	602	0.01	6
As at 1 January 2021	602	0.01	6
Bonus issue	101,738	0.01	1,017
Redesignation to Ordinary Shares	(80,124)	0.01	(801)
Redesignation to deferred shares	(22,216)	0.01	(222)
As at 31 December 2021	–		–

C ordinary shares

	Issued Shares Number	Nominal Value £	Issued Amount £
As at 1 January 2020, 30 June 2020 and 31 December 2020	106	0.01	1
As at 1 January 2021	106	0.01	1
Bonus issue	17,914	0.01	179
Redesignation to Ordinary Shares	(18,020)	0.01	(180)
As at 30 June 2021	–		–

Notes to the Financial Statements continued

Deferred shares

	Issued Shares Number	Nominal Value £	Issued Amount £
As at 1 January 2020 and 31 December 2020	–		–
As at 1 January 2021	–		–
Redesignation of B ordinary shares	22,216	0.01	222
Repurchase of deferred shares	(22,216)	0.01	(222)
As at 31 December 2021	**–**		**–**

On 6 May 2021, £49,709.66 of the available £1,084,776 of the Company's share premium account was capitalised through the issue of bonus ordinary shares of £0.01 each, A ordinary shares of £0.01 each ("A Shares"), B ordinary shares of £0.01 each ("B Shares"), and C ordinary shares of £0.01 each ("C Shares") to existing shareholders pro rata to their holdings of ordinary shares of £0.01 each, A Shares, B Shares and/or C Shares. The capitalisation resulted in an issued share capital of 3,118,650 ordinary shares of £0.01 each, 1,761,370 A Shares, 102,340 B Shares and 18,020 C Shares.

A new set of interim articles of association was adopted by the Company to reflect its re-registration as a public limited company and the Company's name was changed to Dianomi plc.

Immediately prior to the Company's admission to trading on AIM ("Admission") taking place, the A Shares and C Shares were re-designated as ordinary shares of £0.01 each in the capital of the Company on the basis of one ordinary share of £0.01 per A Share or C Share then in issue.

Immediately prior to Admission taking place, the 102,340 B Shares in issue after the bonus issue described above were re-designated as 80,124 ordinary shares of £0.01 each and 22,216 deferred shares of £0.01 each in the capital of the Company.

Immediately after the re-designation of shares described above, each ordinary share of £0.01 was sub-divided into five ordinary shares of £0.002 each.

Immediately on Admission taking place on 24 May 2021, all of the deferred shares of £0.01 each were repurchased by the Company for an aggregate consideration of £1.00 to be satisfied in cash.

Furthermore, on Admission 1,831,501 new ordinary shares of £0.002 pence were issued pursuant to the placing, raising gross proceeds of £5 million for the Company.

25. Share-based payments

The Group operates an equity-settled share-based remuneration scheme for employees. All UK employees are eligible to participate in the long term incentive scheme, the only vesting condition being that the individual remains an employee of the Group over the ten year vesting period.

The number of options and weighted average exercise price in the table below have not been adjusted to reflect the share capital reorganisation in May 2021 as described in Note 24.

	Weighted average exercise price (pence) Dec 21	Number Dec 21	Weighted average exercise price (pence) Dec 20	Number Dec 20
Outstanding at the beginning of the period	1.0	3,627	1.0	2,927
Granted during the period	225.9	1,982,926	1.0	700
Exercised/lapsed during the period	0.2	(392,166)	1.0	–
Outstanding at the end of the period	273	1,594,387	1.0	3,627

Of the total number of options outstanding at the end of the period, Nil (31 Dec 20: Nil) had vested and were exercisable at the end of the year with a weighted average exercise price of 273p (31 Dec 20: 1.0p).

Certain options granted under the existing option schemes in place prior to Admission were due to lapse on 17 May 2021, and all but two of these lapsing options were replaced with equivalent options. Of the two other lapsing options, one of these was replaced with an option over a greater number of ordinary shares. All of the options granted under the existing option schemes in place prior to Admission were exercised immediately on Admission.

On Admission, new option schemes were established and a total of 1,640,926 options were granted under these new option schemes with an exercise price of 273p. During the year, 46,539 options lapsed as a result of employees leaving the Company.

The Black-Scholes option pricing model was used to value the equity-settles share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of the options granted.

The inputs into the model were as follows:

	Post-IPO Option Scheme	Pre-IPO Option Scheme*
Weighted average share price at grant date (£)	2.73	414
Weighted average exercise price (£)	2.73	0.01
Volatility (%)	44.00%	30.28%
Weighted average vesting period (years)	3	10
Risk free rate (%)	0.76%	0.25%
Expected dividend yield (%)	–	–

** The share price and exercise price have not been adjusted for the share capital reorganisation which took place immediately before the IPO*

The share-based remuneration expense comprises:

	As at 31 Dec 2021 £000	As at 31 Dec 2020
Equity-settled schemes	2,854	–

26. Reserves

Share Capital

Share capital represents the nominal value of share capital subscribed.

Share Premium

Share premium represents the funds received in exchange for shares over and above the nominal value, offset by costs incurred on the raise of equity.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Company's own shares.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences that arise on consolidation from the translation of the financial statements of foreign subsidiaries.

Retained earnings

The retained earnings reserve represents cumulative net gains and losses recognised in the statement of comprehensive income.

Share option reserve

The share-based payment reserve represents amounts accruing for equity settled share options granted plus the fair value of share options exercised upon IPO.

27. First time adoption of IFRS

These financial statements, for the year ended 31 December 2021, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020, the Group prepared its financial statements in accordance with local generally accepted accounting principles (FRS 102).

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2020, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2020, the Group's date of transition to IFRS.

The principal adjustment arising was to recognise a property lease (previously treated as an operating lease) as a right of use asset and corresponding lease liability as required by IFRS 16. The tables below set out the adjustments made by the Group in restating its FRS 102 financial statements, including the statement of financial position as at 1 January 2020 and the financial statements as of, and for, the year ended 31 December 2020.

Notes to the Financial Statements continued

Group reconciliation of equity as at 1 January 2020 (date of transition to IFRS)

	Note	FRS 102 as at 1 Jan 2020 £000	IFRS Adjustments £000	IFRS as at 1 Jan 2020 £000
Current assets				
Trade and other receivables		4,796	–	4,796
Cash and cash equivalents		2,842	–	2,842
Total current assets		**7,638**	**–**	**7,638**
Total assets		**7,638**	**–**	**7,638**
Current liabilities				
Trade and other payables		(4,399)	–	(4,399)
Corporation tax payable		(1)	–	(1)
Total current liabilities		**(4,400)**	**–**	**(4,400)**
Non-current liabilities				
Loans and borrowings		(1,250)	–	(1,250)
Total non-current liabilities		**(1,250)**	**–**	**(1,250)**
Total liabilities		**(5,650)**	**–**	**(5,650)**
Net assets		**1,988**	**–**	**1,988**
Equity				
Share capital		–	–	–
Share premium account		1,085	–	1,085
Share options reserve		–	–	–
Foreign currency translation reserve	(c)	–	(374)	(374)
Capital redemption reserve		–	–	–
Retained earnings	(c)	903	374	1,277
Total equity attributable to the owners of the company		**1,988**	**–**	**1,988**

Group reconciliation of equity as at 31 December 2020

	Note	FRS 102 as at 31 Dec 2020 £000	IFRS Adjustments £000	IFRS as at 31 Dec 2020 £000
Non-current assets				
Right-of-use asset	(a)	–	154	154
Total current assets		**–**	**154**	**154**
Current assets				
Trade and other receivables		5,906	–	5,906
Cash and cash equivalents		4,722	–	4,722
Total current assets		**10,628**	**–**	**10,628**
Total assets		**10,628**	**154**	**10,782**
Current liabilities				
Trade and other payables		(5,636)	–	(5,636)
Corporation tax payable		(427)	–	(427)
Lease liabilities	(a)	–	(157)	(157)
Total current liabilities		**(6,063)**	**(157)**	**(6,220)**
Non-current liabilities				
Loans and borrowings		(1,250)	–	(1,250)
Total non-current liabilities		**(1,250)**	**–**	**(1,250)**
Total liabilities		**(7,313)**	**(157)**	**(7,470)**
Net assets		**(3,315)**	**(3)**	**3,312**
Equity				
Share capital		–	–	–
Share premium account		1,085	–	1,085
Share options reserve		–	–	–
Foreign currency translation reserve	(c)	–	(556)	(556)
Capital redemption reserve		–	–	–
Retained earnings	(c)	2,230	553	2,783
Total equity attributable to the owners of the company		**3,315**	**(3)**	**3,312**

Notes to the Financial Statements continued

Group Reconciliation of Total Comprehensive Income for the year ended 31 December 2020

	Note	FRS 102 Year ended 31 Dec 2020 £000	IFRS Adjustments £000	IFRS Year ended 31 Dec 2020 £000
Revenue		28,430	–	28,430
Cost of sales		(20,285)	–	(20,285)
Gross profit		**8,145**	**–**	**8,145**
Administrative expenses	(b)	(6,055)	115	(5,939)
Costs relating to the IPO	(b)	–	(115)	(115)
Other operating income		38	–	38
Fair value movements		9	–	9
Operating (loss)/profit		**2,138**	**–**	**2,138**
Depreciation	(a)	–	103	103
Costs relating to the IPO	(b)	–	115	115
Adjusted EBITDA		**2,138**	**218**	**2,356**
Finance income		7	–	7
Finance expense	(a)	(102)	(3)	(105)
Profit on ordinary activities before taxation		**2,043**	**(3)**	**2,040**
Taxation		(534)	–	(534)
Profit for the year		**1,509**	**(3)**	**1,506**
Other comprehensive loss items that may be reclassified subsequently to profit or loss				
Currency translation differences		(182)	–	(182)
Total comprehensive income for the year attributable to the owners of the company		**1,327**	**(3)**	**1,324**

Notes to the reconciliation of equity as at 1 January 2020 and 31 December 2020 and total comprehensive income for the year ended 31 December 2020.

a) Leases

Under FRS 102, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments.

The transition to IFRS did not result in any adjustment to the opening balances at 1 January 2020 but resulted in an adjustment to the Right of Use asset and lease at 31 December 2020 of £154k and £157k respectively. The net impact to retained earnings for 2020 was £3k.

b) Costs relating to the IPO

Costs incurred in 2020 relating to preparation for the Company's IPO have been separated out on the statement of comprehensive income.

c) Translation reserve

The Group included its foreign currency translation reserves in retained earnings under FRS 102; on transition to IFRS these reserves have been reclassified to a foreign currency reserve.

d) Cash flows

Lease payments have moved from operating activities to financing activities.

28. Ultimate controlling party

There is no ultimate controlling party as at 31st December 2021 nor was there as at 31 December 2020.

29. Events after the balance sheet date

There have been no material events.

30. Contingent liabilities and contingent assets

The Group had no contingent liabilities or contingent assets at 31 December 2021 (1 January 2020 and 31 December 2020: £nil).

31. Capital Commitments

The Group's capital commitments at 31 December 2021 are £nil (1 January 2020 and 31 December 2020: £nil).

Company Financial Statements

Company Statement of Financial Position

	Note	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000
Non-current assets			
Investments	1	7	7
Total non-current assets		**7**	**11**
Current assets			
Trade and other receivables	3	3,418	3,471
Deferred tax asset	4	675	–
Cash and cash equivalents	2	4,498	1,006
Total current assets		**8,591**	**4,473**
Total assets		**8,598**	**4,484**
Current liabilities			
Trade and other payables	5	(2,353)	(2,527)
Corporation tax payable		(2)	(3)
Total current liabilities		**(2,355)**	**(2,530)**
Non-current liabilities			
Loans and borrowings		–	(1,250)
Total non-current liabilities		**–**	**(1,250)**
Total liabilities		**(2,355)**	**(3,780)**
Net assets		**6,243**	**704**
Equity			
Share capital	6	60	–
Share premium account	6	5,436	1,085
Share options reserve		2,854	–
Retained earnings		(2,107)	(381)
Total equity attributable to the owners of the company		**6,243**	**704**

As permitted by section 408 of the Companies Act 2006, a separate statement of comprehensive income of the Company has not been presented. The Company's loss for the year was £1,726k (2020: profit of £451k).

Company Statement of Changes in Equity

	Attributable to the owners of the Company					
	Share capital £000	Share premium account £000	Capital redemption reserve £000	Share options reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	**–**	**1,085**	**–**	**–**	**(381)**	**704**
Comprehensive income for the period						
Loss for the period	–	–	–	–	(1,726)	(1,726)
Transactions with owners of the Company						
Shares issued	60	4,947	–	–	–	5,007
Transaction costs	–	(596)	–	–	–	(596)
Share-based payment credit	–	–	–	2,854	–	2,854
Total transactions with owners of the Company	**60**	**4,351**	**–**	**2,854**	**–**	**7,265**
Balance at 31 December 2021	60	5,436	–	2,854	(2,107)	6,243
Balance at 1 January 2020	**–**	**1,085**	**–**	**–**	**(832)**	**253**
Comprehensive income for the year						
Profit for the year	–	–	–	–	451	451
Balance at 31 December 2020	**–**	**1,085**	**–**	**–**	**(381)**	**704**

Notes to the Company Financial Statements

Basis of Preparation

The Financial Statements are presented in pound sterling, rounded to the nearest thousand, unless otherwise stated. They are prepared under the historical cost basis, except that derivative financial instruments are stated at their fair value, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, leases, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and certain related party transactions. Where required, equivalent disclosures are given in the Consolidated Financial Statements.

As permitted by section 408(4) of the Companies Act 2006, a separate income statement and statement of comprehensive income for the Company has not been included in these Financial Statements. The principal accounting policies adopted are described below. They have all been applied consistently to all years presented.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's Financial Statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the Consolidated Financial Statements.

First time adoption of FRS 101

These financial statements, for the year ended 31 December 2021, are the first the Company has prepared in accordance with FRS 101. For periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with local generally accepted accounting principles (FRS 102).

Accordingly, the Company has prepared financial statements that comply with FRS 101 applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2020. There have been no adjustments required as a result of the adoption of FRS 101.

Accounting Policies

The following are key accounting policies for the Company:

- Basis of Preparation
- Going concern
- Trade receivables and payables
- Cash and cash equivalents

These policies of the company are consistent with those adopted by the Group and disclosed in note 2 to the consolidated financial statements. There were no new policies adopted within the year. The following are additional accounting policies that relate to the Company:

- *Investments*

  Investments are stated at their cost less impairment losses.

- *Intercompany*

  Intercompany balances are intercompany loans, and comprise of amounts owed to/owing from subsidiaries. IFRS 9 expected credit losses have been assessed as immaterial in relation to these balances.

Any key judgements or estimates are consistent with those adopted by the Group.

Standards issued but not yet effective

The new standards and amendments which have not yet been adopted are disclosed in note 2.6 to the consolidated financial statements.

1. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2020	7
At 31 December 2021	7
Net book value	
At 31 December 2021	7
At 31 December 2020	7

The Company's subsidiary undertakings are listed in note 15 to the consolidated financial statements.

2. Cash and cash equivalents

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000
Cash at bank and in hand	4,498	1,006

3. Trade and other receivables

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000
Trade receivables	1,704	1,339
Prepayments	59	52
Amounts owed by group undertakings	1,517	1,506
Other receivables	138	188
Financial instruments	–	386
	3,418	3,471

Amounts owed by group undertakings are repayable on demand and bear no interest.

4. Deferred Tax

Deferred Tax Asset

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000
Tax losses	675	–
	675	–

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. There is a potential additional deferred tax asset of £1.3 million in respect of tax losses of £5.1 million.

Notes to the Company Financial Statements continued

5. Trade and other payables

	As at 31 Dec 2021 £000	As at 31 Dec 2020 £000
Current		
Trade payables	764	803
Amounts owed to group undertakings	–	529
Accruals and deferred income	1,061	604
Other taxation and social security	224	63
Other payables	304	163
Financial instruments	–	365
	2,353	2,527

Amounts owed to group undertakings are repayable on demand and bear no interest.

6. Share Capital

Movements in the Company's Share capital can be found at note 24 to the consolidated financial statements.

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