This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

Dianomi plc

("Dianomi", the "Company" or the "Group")

Final Results

Dianomi, a leading provider of native digital advertising services to premium clients in the Financial Services, Business and Lifestyle sectors, is pleased to announce its audited financial results for the year ended 31 December 2021.

Financial Highlights

- Revenue increased significantly by 26% to £35.8 million (FY 2020: £28.4 million)
- Gross margin increased to 28.9% from 28.6% in FY 2020
- Adjusted EBITDA* increased 30% to £3.1 million (FY 2020: £2.4 million), ahead of market expectations
- Adjusted EPS** increased 29% to 8.27 pence per share (FY 2020: 6.41 pence per share)
- 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)

Operational Highlights

- Completed a successful listing on AIM alongside a significantly over-subscribed share placing in May 2021
- Grew both the number of premium advertisers and publishers by 5% to 427 and 18% to 326 respectively, with strong existing customer and partner retention
- Average spend of the top 100 advertisers increased by 27% to £0.28 million each, driven by greater familiarity and engagement with the Dianomi model and outperformance on user engagement
- Video revenue grew over 140% to £1.94 million (FY 2020: £0.80 million)
- Successful expansion into lifestyle vertical generating first year revenues of £1.5 million
- New partnership with CNN as its exclusive content recommendation partner across CNN Business, replacing the incumbent provider

** 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.*

*** Adjusted to exclude 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.*

Rupert Hudson, CEO of Dianomi, commented:

"2021 was an exciting year for Dianomi. These results highlight the strength of our premium proposition - we have been able to grow revenues within our existing customer base as well as deliver material new advertiser and publisher wins. As a result we have delivered on our targets set at IPO."

"Following a positive start to trading in 2022, we will continue to harness the power of context and data in a cookie-less world in order to scale and maximise our existing business as well as add new publishers and advertisers to our client base. We are confident that our long-standing client relationships, premium positioning and proprietary technology will again enable us to deliver further growth for the year ahead."

For further information contact:

Dianomi Rupert Hodson (Chief Executive Officer) Charlotte Stranner (Chief Financial Officer)	Tel: +44 (0)207 802 5530
Panmure Gordon (Nominated Adviser and Broker) Emma Earl / Freddy Crossley, Corporate Finance Rupert Dearden, Corporate Broking	Tel: +44 (0)207 886 2500
Novella Communications (Financial PR) Tim Robertson / Fergus Young	Tel: +44 (0)203 151 7008

About Dianomi

Dianomi, established in 2003, is a leading provider of native digital advertising services to premium clients in the Financial Services and Business sectors. The Group operates from its offices in London, New York and Sydney. The Group enables premium brands to deliver native advertisements to a targeted audience on the desktop and mobile websites, mobile and tablet applications of premium publishers. It provides over 400 advertisers, including blue chip names such as abrdn, Invesco and Baillie Gifford, with access to an international audience of over 400 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. Adverts served are contextually relevant to the content of the webpages on which they appear and mirror the style of the page, which enhances reader engagement. http://www.dianomi.com.

Chairman’s Statement

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)*

Our Vision

Our vision is to be the #1 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.

Chief Executive's Statement

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 Group 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 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.

** 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.*

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 team work 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.

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.*

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.

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 9 and 10 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 7 and 11.

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 11. 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 19.

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 Dec 2021 £000	Year ended 31 Dec 2020 £000
Revenue	**3**	35,782	28,430
Cost of sales		(25,455)	(20,285)
Gross profit		**10,327**	**8,145**
Administrative expenses	**6**	(10,264)	(5,939)
Other gains and losses		18	-
Costs relating to IPO		(637)	(115)
Other operating income	**5**	-	38
Fair value movements		(21)	9
Operating (loss)/profit		**(577)**	**2,138**
Depreciation		154	103
Share-based payments	**20**	2,854	-
Costs relating to IPO		637	115
Adjusted EBITDA		**3,068**	**2,356**
Finance income	**8**	5	7
Finance expense	**8**	(46)	(105)
(Loss)/profit on ordinary activities before taxation		**(618)**	**2,040**
Taxation	**9**	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)	**11**	(1.77)	6.05
Diluted (loss)/ earnings per ordinary share (p)	**11**	(1.77)	5.78

All operations are continuing operations.

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		-	154	-
Total non-current assets		**-**	**154**	**-**
Current assets				
Trade and other receivables	**12**	7,395	5,906	4,796
Deferred tax asset	**10**	675	-	-
Cash and cash equivalents	**13**	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	**14**	(8,081)	(5,636)	(4,399)
Corporation tax payable		(142)	(427)	(1)
Lease liabilities		-	(157)	-
Total current liabilities		**(8,223)**	**(6,220)**	**(4,400)**
Non-current liabilities				
Loans and borrowings	**15**	–	(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	**19**	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**

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**

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**

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 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 22.

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.

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. 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.

2.5.9. 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.

2.5.10. 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.

2.5.11. 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.

2.5.12. 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.

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 7 for reconciliations to Alternative Performance Measures ("APMs").

3. 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

4. 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.

5. 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.

6. 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

7. 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.

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 11 for further detail.

8. 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

9. 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

10. 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.

11. 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

	Year to 31 Dec 2021	Year to 31 Dec 2020
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

12. 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.

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**

13. 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.

14. 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.

15. 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.

16. 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).

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.

17. 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	-

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.

18. 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).

19. 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	**-**		**-**

Share capital (continued)

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	**-**		**-**

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.

20. 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	-

21. 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.

22. 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.

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**

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.

27. Ultimate controlling party

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

28. Events after the balance sheet date

There have been no material events.

29. 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).

30. Capital Commitments

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