21 September 2022

Dianomi plc

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

Dianomi, a leading provider of native digital advertising services to premium clients in the Business, Finance and Lifestyle sectors, is pleased to announce its unaudited interim results for the six months ending 30 June 2022.

Financial Highlights

- Revenue increased 3.7% to £18.0 million (H1 2021: £17.4 million)
- Gross margin of 27.9% (H1 2021: 28.7%) reflecting an increasing contribution from CNN Business
- Adjusted EBITDA* of £1.1 million (H1 2021: £1.7 million) reflecting investments made in people to expand and capitalise on growth opportunities as well as additional marketing and plc costs.
- Adjusted EPS** of 3.55 pence per share (H1 2021: 2.11 pence per share)
- As at 30 June 2022 the Company had no borrowings and cash of £10.4 million (31 December 2021: cash of £10.3 million)

Operating Highlights

- The Group continues to successfully scale business within its existing top tier client base with average spend by the top 100 advertisers increasing by 5% and RPC increasing 7% compared to H1 21
- Further additions of premium brands to advertiser base both during the period and post period end with new client wins including Goldman Sachs, John Lewis and Porsche
- Successful rollout of new partnership with CNN Business as its exclusive content recommendation partner, which, even though not yet fully implemented, is already a top 5 publisher
- Investments made to support future growth with key hires in programmatic. Trials of contextually led programmatic platform with select clients are progressing well and represent an exciting long-term opportunity
- Video represents an ongoing opportunity with video revenue up 9% year-on-year

Rupert Hodson, Chief Executive Officer of Dianomi, said:

"We are pleased to report that in spite of a tough comparative base and challenging macro-economic conditions, Dianomi delivered revenue growth of 4% in the first half of the year. The Group is not alone in facing these challenging times. However, the Board expects revenue growth in the second half of the year versus the first, and revenue for the full year to be ahead of the prior year. We also continue to scale our business with existing premium advertisers, with average spend of our top 100 clients increasing 5% in the first half of the year compared to the first half of 2021. Furthermore, we continue to win new top tier clients and have made investments to support our future growth. Dianomi is well-placed to deliver this growth as the contextual native partner of choice as we transition to a cookie-less world and strive to connect brands to consumers through both direct and programmatic channels. We are supported by our strong balance sheet with a healthy cash balance which continues to grow, underpinning our ability to invest in long-term growth opportunities."

** Adjusted EBITDA is calculated as profit after tax before deducting net finance costs, tax, depreciation, exceptional items and share based payment charges*

*** Adjusted to exclude exceptional costs related to the IPO and share based payments*.

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

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About Dianomi

Dianomi, established in 2003, is a leading provider of native digital advertising services to premium clients in the Business, Finance and Lifestyle 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 500 million devices per month through its partnerships with over 300 premium publishers, including blue chip names such as Reuters, CNN Business, 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.

Chief Executive's Statement

Introduction

In spite of economic headwinds, our vision remains clear – to be the number one contextual media platform across the premium Business, Finance and Lifestyle verticals. To achieve this, we are positioning ourselves to take an increasing share of a growth market. Certainly, the outlook for digital ad spend in Financial Services remains resilient and in 2022 digital ad revenues from the Financial Services sector in the US, our biggest market, are expected to reach $32 billion, up 18% on 2021 and is expected to grow further to $36 billion in 2023[1]. We have focused on business development and invested in people, product development and marketing in order to capture a bigger share of this market. We believe that we can capitalise on this growth given our premium positioning, the quality of our inventory, the transparency of our performance and our contextual platform. In addition, we are also poised to benefit as a result of the death of the cookie in addition to our nascent programmatic offering, trials of which are progressing well.

[1] *e-marketer report August 2022*

Operating Review

Dianomi continues to focus on and attract premium clients and we were able to expand our premium advertiser base by adding both new brands and new lines of business from existing brands in the period. Importantly, both during and post the period under review, we continue to see high quality, well known and respected names joining our advertiser base such as Goldman Sachs, Porsche and PIMCO with the resulting effect that our advertiser mix is shifting in favour of blue-chip clients away from financial newsletters.

We continue to demonstrate our ability to scale our business with our existing premium financial clients continuing to increase spend and the average spend of our top 100 advertisers is up from £152k in H1 ‘21 to £159k in H1 ‘22. Advertisers such as Charles Schwab, JP Morgan, AJ Bell and The Ascent have all ramped up their spend with us on a consistent basis. For example, one of our top advertiser’s total spend increased from £1.4 million in H1 ‘21 across 4 lines of business to £1.8 million in H1 ‘22 across 5 lines of business.

However, there have also been challenges for some of our clients during a period of market volatility and we have seen changes in spending patterns across our advertiser base – for example, crypto clients have been hard-hit in the current climate, and we have witnessed a reduction in spend for financial newsletter publications. These clients accounted for 37% of revenue at the beginning of 2021 and in August 2022 represented just 7% of revenue. Having said that, we do expect these advertisers to come back in force when market circumstances allow.

The premium publisher base remained stable for the period at 316 vs 326 at year end with the majority of those coming off the platform having re-joined since period end. As at today, the number of publishers is 333. The contribution made by CNN Business is now significant and ranks as our number 3 publisher. This has supported growth in impressions, and I am pleased to report that impressions are up for the period at 24 billion vs 21 billion in 2021. Similarly, our revenue per click rate was up at 63 pence in H1 ‘22 vs 59 pence in H1 ‘21. However, due to the decline in spend by certain advertisers as detailed above, some impressions were under-monetised. We continue to explore ways to help our publishers improve their yields.

With regard to programmatic, early results are very encouraging for what is a nascent solution. We are undertaking sizeable trials with Porsche and Morgan Stanley, and we believe that in the long term this process could deliver a significant uplift in revenues. We have a strong pipeline of top tier corporates across Business and Finance and the Lifestyle sector seeking to partner with us given our native position and the quality of our inventory. However, this is an area which is extremely complex and involves third parties hence evolving this arm of the business requires investment. During the period we hired a new Head of Programmatic as well as a new sales person from a programmatic background, both of whom are helping to accelerate our programmatic offering.

Mobile now accounts for 52% of sales down from 55% last year – largely due to dilution from CNN Business. There is scope to increase this with opportunities in the pipeline for the second half with Fox News due to go live shortly on Apple News. Being an Apple News sales agent enables Dianomi to work directly with Apple News publishers which drives a sizeable proportion of mobile traffic. This showcases Dianomi’s capabilities to these publishers and often leads to further opportunities.

Video is a market which is at an early stage but is growing and our video revenue for the period of £628k was up 9% on H1 ‘21’s £576k. There is a good pipeline of projects that are expected to complete over the remainder of the year.

Financial Review

Group revenue grew by 4% to £18.0 million (H1 ‘21: £ 17.4 million) in the six months to 30 June 2022. Gross margins were down 80 basis points to 27.9% largely due to the mix of publishers, with a larger contribution from CNN Business which is now the third largest publisher for the Group on a gross revenue basis. As a result, gross profit for the period of £5.0 million was only marginally up on the prior year period (H1 ‘21: £4.99 million).

Adjusted EBITDA* of £1.1 million was down by 32% compared to H1 ‘21 (H1 ‘21: £1.7 million), representing a margin of 6%. This decrease reflects a full period of costs associated with being a public company and investment in marketing and people. We have added two more people post the period end but do not expect to add further headcount in the near future, being confident that we have made the right investments to support our future growth.

Basic EPS was 2.71 pence per share compared to a loss of 7.87 pence per share in H1 ‘21. The loss in H1 ‘21 was due to the large share-based payment associated with options exercised on IPO. Adjusted basic EPS** of 3.55 pence increased 68% (H1 ‘21: 2.11 pence).

Cashflow in the period was impacted by the unwinding of the working capital benefit recognised at the end of the year. Cash used in operations was £0.6 million due to a decrease in trade and other payables of £2.0 million (H1 '21: cash generated from operations of £0.6 million). Cash conversion is expected to improve in the second half of the year.

Net assets as at 30 June 22 amounted to £11.9 million (31 December 2021: £10.1 million) reflecting the Group's strong cash position and decrease in trade and other receivables. As at 30 June 2022 the Company had no borrowings and cash of £10.4 million (31 December 2021: net cash of £10.3 million).

Outlook

The year started well for Dianomi, however, as a result of a volatile market and the challenges and uncertainties on a macro-economic level, the summer saw a slowdown in advertiser demand. We continue to invest in people as we are confident of our long-term opportunity and our team now stands at 45 people compared to 41 at the end of 2021 and 33 at the end of 2020. Though we have a significant pipeline of opportunities for both new and existing advertisers as well as publishers, due to the decrease in financial newsletter spend alongside the delays experienced to date in contracts being signed we expect both revenue and profit to be behind market expectations.

The Board expects revenue growth in the second half of the year versus the first, and full year revenue to be ahead of the prior year. EBITDA margin for the full year is expected to remain at a similar level to that of the first half of the year due to the investments we have made in people and marketing to support our future growth. As a result, operating margins and profitability in future years are anticipated to increase as we expect costs to largely remain steady as our revenues grow, reflecting the operational leverage inherent in our business. We have a strong balance sheet with a healthy cash balance which continues to grow.

The quality of our platform alongside our deep partnerships with premium publishers continue to differentiate us as we scale our business within our existing advertiser base as well as deliver new top tier client wins. Given the contextual nature of our platform, we expect to benefit from the transition to a cookie-less world. We continue to develop our programmatic offering, and, whilst this is still in development, we believe that it represents a huge opportunity for the business to accelerate its revenue growth. Though a number of uncertainties persist on a macroeconomic level, we are confident that our premium proposition focused on long-term publisher partnerships and performance driven advertising will drive growth and profitability and see us succeed in our vision to be the number one contextual media platform across the premium Business, Finance and Lifestyle verticals.

[*] *Adjusted EBITDA is calculated as profit after tax before deducting net finance costs, tax, depreciation, exceptional items and share based payment charges*

[**] *Adjusted basic earnings per share is calculated using profit after tax before deducting exceptional items and share based payment*

DIANOMI PLC
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	6 months ended 30 Jun 2022 £000	6 months ended 30 Jun 2021 £000	Year ended 31 Dec 2021 £000
Revenue		18,006	17,358	35,782
Cost of sales		(12,978)	(12,368)	(25,455)
Gross profit		**5,028**	**4,990**	**10,327**
Administrative expenses		(4,132)	(6,038)	(10,264)
Other gains and losses		-		18
Costs relating to IPO		-	(568)	(637)
Fair value movements		-	(21)	(21)
Operating profit/(loss)		**896**	**(1,637)**	**(577)**
Depreciation		-	77	154
Share based payments	**7**	250	2,673	2,854
Exceptional items		-	568	637
Adjusted EBITDA		**1,146**	**1,681**	**3,068**
Finance income		2	2	5
Finance expense		(1)	(43)	(46)
Profit/(loss) on ordinary activities before taxation		**897**	**(1,678)**	**(618)**
Taxation		(83)	(366)	122
Profit/(loss) for the period		814	(2,044)	**(496)**
Other comprehensive income/(loss) items that may be reclassified subsequently to profit or loss				
Currency translation differences		677	(2)	44
Total comprehensive income/(loss) for the period attributable to the owners of the company		**1,491**	**(2,046)**	**(452)**
Adjusted basic earnings per ordinary share (p)	**6**	3.55	2.11	8.27
Adjusted diluted earnings per ordinary share (p)	**6**	3.21	1.90	7.65
Basic earnings/(loss) per ordinary share (p)	**6**	2.71	(7.87)	(1.77)
Diluted earnings/(loss) per ordinary share (p)	**6**	2.46	(7.87)	(1.77)

All operations are continuing operations.

DIANOMI PLC
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	As at 30 Jun 2022 £000	As at 30 Jun 2021 £000	As at 31 Dec 2021 £000
Non-current assets			
Right-of-use assets	-	77	-
Total non-current assets	**-**	**77**	**-**
Current assets			
Trade and other receivables	7,207	7,141	7,395
Deferred tax asset	675	-	675
Cash and cash equivalents	10,446	7,854	10,278
Total current assets	**18,328**	**14,995**	**18,348**
Total assets	**18,328**	**15,072**	**18,348**
Current liabilities			
Trade and other payables	(6,100)	(6,445)	(8,081)
Corporation tax payable	(362)	(198)	(142)
Lease liabilities	-	(79)	-
Total current liabilities	**(6,462)**	**(6,722)**	**(8,223)**
Total liabilities	**(6,462)**	**(6,722)**	**(8,223)**
Net assets	**11,866**	**8,350**	**10,125**
Equity			
Share capital	60	60	60
Share premium account	5,436	5,436	5,436
Share options reserve	3,104	2,673	2,854
Foreign currency reserve	165	(558)	(512)
Capital redemption reserve	-	–	–
Retained earnings	3,101	739	2,287
Total equity attributable to the owners of the company	**11,866**	**8,350**	**10,125**

DIANOMI PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022

	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 2022	**60**	**5,436**	**–**	**2,854**	**(512)**	**2,287**	**10,125**
Comprehensive income for the period							
Profit for the period	–	–	–	–	–	814	814
Currency translation differences	–	–	–	–	677	–	677
Total comprehensive income for the period	–	–	–	–	677	814	1,491
Transactions with owners of the Company							
Share based payment credit	–	–	–	250	–	–	250
Total transactions with owners of the Company	-	-	–	250	–	–	250
Balance at 30 June 2022	**60**	**5,436**	**–**	**3,104**	**165**	**3,101**	**11,866**

Balance at 1 January 2021	**–**	**1,085**	**–**	**–**	**(556)**	**2,783**	**3,312**
Comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(2,044)	(2,044)
Currency translation differences	–	–	–	–	(2)	–	(2)
Total comprehensive income for the period	–	–	–	–	(2)	(2,044)	(2,046)
Transactions with owners of the Company							
Shares issued	60	–	–	–	–	–	60
Contributions of equity	–	4,947	–	–	–	–	4,947
Transaction costs	–	(596)	–	–	–	–	(596)
Share buybacks	–	–	–	–	–	–	–
Share based payment credit	–	–	–	2,673	–	–	2,673
Total transactions with owners of the Company	60	4,351	–	2,673	–	–	7,084
Balance at 30 June 2021	**60**	**5,436**	–	**2,673**	**(558)**	**739**	**8,350**

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)**	**2,287**	**10,125**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 Jun 2022 £000	Six months ended 30 Jun 2021 £000	Year ended 31 Dec 2021 £000
Cash flows from operating activities			
Profit/(loss) on ordinary activities before taxation	898	(1,678)	(618)
Adjustments for:			
Depreciation – leased assets	-	77	154
Interest payable	1	43	46
Interest receivable	(2)	(2)	(5)
Increase/(decrease) in trade and other receivables	187	(1,552)	(1,489)
(Decrease)/increase in trade and other payables	(1,981)	1,096	2,445
Net fair value gain recognised in P&L	-	(21)	21
Share based payment charge	250	2,673	2,854
Cash (used in)/generated from operations	(647)	636	3,408
Taxation received/(paid)	119	(622)	(793)
Net cash (used in)/generated from operating activities	**(528)**	**14**	**2,615**
Cash flows from investing activities			
Interest received	2	2	5
Net cash generated from investing activities	**2**	**2**	**5**
Cash flows from financing activities			
Issue of ordinary shares	-	4,411	4,411
Loan repayment	-	(1,250)	(1,250)
Interest paid	(1)	(43)	(44)
Interest paid in respect of leases	-	-	(2)
Capital payments in respect of leases	-	-	(160)
Net cash (used in)/generated from financing activities	**(1)**	**3,118**	**2,955**
Net (decrease)/ increase in cash and cash equivalents	**(527)**	**3,134**	**5,575**
Cash and cash equivalents at beginning of period	10,278	4,722	4,722
Exchange movement on cash	695	(2)	(19)
Cash and cash equivalents at end of period	**10,446**	**7,854**	**10,278**

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

The financial information relating to the half year ended 30 June 2022 is unaudited and does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006.

The financial information set out in this Interim Report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2021, prepared under IFRS, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The interim financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and on the same basis and using the same accounting policies as used in the financial statements for the year ended 31 December 2021, subject to the introduction of any new accounting standards applicable in the period.

Whilst the financial information included in these interim accounts has been prepared in accordance with IFRS, they do not contain sufficient information to comply with IFRS. In addition, this report is not prepared in accordance with IAS 34.

This interim report was approved by the board of directors on 20 September 2022 and is available on the Company's website, dianomi.com

The presentational currency of these financial statements and the functional currency of the Group is pounds sterling.

2.2. Measurement convention

The consolidated financial information has been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the consolidated financial information in compliance with IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effect is disclosed in note 3.

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

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 operation for the foreseeable future. As at 30 June 2022 the Group had net assets of £11.9 million (30 June 2021: £8.4 million) and cash and cash equivalents of £10.4 million (30 June 2021: £7.9 million). The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Group has sufficient financial resources, together with assets that are expected to generate cash flow in the normal course of business. Accordingly, the Directors have adopted the going concern basis in preparing these consolidated financial statements.

2.5. Principal Accounting Policies

2.5.1.1. 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.

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2.5.1.2. 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.

2.5.1.3. *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 Group'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.

2.5.1.4. 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 the exceptional 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 were allocated on a 50/50 basis between exceptional P&L costs and share premium.

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

2.5.1.5. 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 fair value of goods and services received.

2.6. 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 and 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.

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:

-

	6 months to 30 Jun 2022 £000	6 months to 30 Jun 2021 £000	Year to 31 Dec 2021 £000
Share Premium	-	596	596
Statement of Comprehensive Income	-	567	637
	-	1,163	1,233

4. Revenue

Revenue arises from:

	6 months to 30 Jun 2022 £000	6 months to 30 Jun 2021 £000	Year to 31 Dec 2021 £000
EMEA	3,101	2,817	7,149
APAC	544	620	1,182
U.S.A.	14,361	13,921	27,451
	18,006	17,358	35,782

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.

6. 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.

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

	Six months ended 30 Jun 22 £000	**Six months ended 30 Jun 21** £000	**Year ended 31 Dec 2021** £000
Profit/(loss) attributable to the ordinary equity holders of the Group used in calculating basic and diluted EPS	814	(2,044)	(496)
Basic earnings/(loss) per ordinary share (p)	2.71	(7.87)	(1.77)
Diluted earnings/(loss) per ordinary share (p)	2.46	(7.87)	(1.77)

Adjusted basic and diluted EPS	Six months ended 30 Jun 22 £000	Six months ended 30 Jun 21 £000	Year ended 31 Dec 21 £000
Reconciliation of earnings used in calculating adjusted EPS:			
Profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted EPS	814	(2,044)	(496)
Adjusting items:			
Share based payments	250	2,673	2,854
Costs relating to IPO	-	568	636
Tax impact of adjusting items	-	(648)	(677)
Profit attributable to the ordinary equity holders of the Group used in calculating adjusted basic and diluted EPS	1,064	549	2,317
Adjusted basic earnings per ordinary share (p)	3.55	2.11	8.27
Adjusted diluted earnings per ordinary share (p)	3.21	1.90	7.65

	Six months ended 30 Jun 22	Six months ended 30 Jun 21	Year ended 31 Dec 21
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted basic EPS	30,027,971	25,986,890	28,024,038
Weighted share option dilution impact	3,151,686	2,900,015	2,264,678
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted diluted EPS	33,179,657	28,886,905	30,288,716

7. Share based payments

The Group operates an equity-settled share based remuneration scheme for employees. All employees are eligible to participate in the long term incentive scheme and the vesting conditions are both time and performance based.

On admission to trading on AIM in May 2021, new option schemes were established.

A total of 134,627 options were granted under these new option schemes during the period with an exercise price of 335p, being the closing mid-market price the day before grant.

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 for the period were as follows:

	Option Scheme
Weighted average share price at grant date (£)	2.75
Weighted average exercise price (£)	2.75
Volatility (%)	44.00%
Weighted average vesting period (years)	3
Risk free rate (%)	1.84%
Expected dividend yield (%)	-

The share-based remuneration expense comprises:

	As at 30 Jun 2022 £000	As at 30 Jun 2021 £000	As at 31 Dec 2021 £000
Equity-settled schemes	250	2,673	2,854