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, announces its unaudited interim results for the six months ending 30 June 2023.

Financial Headlines

- Revenue decreased 17.6% to £14.8 million (H1 2022: £18.0 million) reflecting decline in traffic volumes across the Group's direct publisher inventory
- Gross margin of 20.9% (H1 2022: 27.9%) as a result of the contract amendment with a major publisher partner as announced separately today
- Adjusted loss at EBITDA* level of £1.0 million (H1 2022: profit of £1.1 million)
- Adjusted loss per share** of 4.69 pence per share (H1 2022: profit of 3.55 pence per share)
- As at 30 June 2023 the Company had no borrowings and cash of £7.1 million (31 December 2022: cash of £11.7 million, 30 June 2022: £10.4 million), a reflection of working capital movements, restructuring costs and forex.

Operating Headlines

- Strong retention of publishers and advertisers with churn rates for advertisers and publishers remaining low
- New premium advertisers and publishers continuing to join the platform
- Mindful of a challenging environment, the Group has reorganised its management and sales teams and reduced its cost base on an annualised basis by £1 million
- Programmatic continues to yield promising results with revenues of £0.4m, up 6x compared to the same period last year
- Growth in Lifestyle vertical with integration into full publisher distribution underway
- Partnership with CNN Business as exclusive content recommendation partner now firmly embedded and CNN Business now ranks as Dianomi's top publisher with further scope for growth
- On average there are 0.4 billion readers per month across Dianomi's premium financial publications

Outlook:

- Benefits of cost saving plan coming through
- Market conditions still difficult but expect to be profitable in H2
- Continued evolution into a full format advertising platform offering premium brands and agencies a single point of access to ad buying

Rupert Hodson, Chief Executive Officer of Dianomi, said:

"We are mindful of an environment that continues to be challenging and the need to adapt. The Group's operational cost base has been streamlined and optimised following the restructuring of the Group's global management and sales teams, resulting in an annualised cost reduction of £1 million. However, in spite of a difficult backdrop, I am pleased to report that Dianomi continues to attract new clients and now counts all 10 of the top 10 US asset managers as clients. Our expansion into programmatic is delivering and we continue to attract new premium clients to the platform as well as focusing on the scalability of our service within our existing top accounts. We are expanding our range of ad products to present a compelling offer to our clients. I am confident that in spite of macro-economic headwinds we are well placed to capitalise on the opportunity ahead."

** Adjusted EBITDA is calculated as loss or 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 restructuring and share based payments*.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

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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 300 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, including blue chip names such as Reuters, CNN Business, the Times 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

Dianomi is evolving from a native ad platform, focused within business and finance, to a full format advertising platform. We aim to be a privacy first platform offering premium brands and agencies a single point of access to ad buying across the world's premium publishers. This year we have reorganised our management and sales teams to optimise our structure to drive sales growth and enhance profitability. Dianomi has invested in expanding its programmatic capacity, in addition to developing ad products such as video and polls whilst ensuring that it has the right team in place to deliver.

Operating Review

A decline in traffic volumes has been a key challenge for publishers in 2023 and Dianomi is not immune to this trend with traffic levels across Dianomi's key publisher partners down by between 10% to 30%. As we discussed at the time of our trading statement in July, whilst demand from our advertiser base has remained consistent this reduced traffic affects our ability to generate revenue from the adverts that we place. Dianomi's total impressions were down by 7.4% year on year. Revenue per click ("RPC") was also down by 17% year on year due to an increase in Apple News publishers which tend to command lower RPCs.

However, retention of both publishers and advertisers remains a key strength. The number of advertisers that we worked with was stable at 288 in H1 (H1 2022: 295) and our publisher base was also broadly unchanged at 309 (H1 2022: 316). This is testament to the differentiated platform and products that we are able to provide to our clients.

We continue to attract premium names to the platform, welcoming 55 new advertisers during the period including Natixis Investment Management and First Horizon Bank. Our partnership with CNN Business as exclusive content recommendation partner is well embedded and they now rank as our top publisher with further opportunities to scale. Certain new publisher partnerships did not materialise as originally expected in H1 this year which impacted our ability to grow but post period end new partnerships have gone live and we have a strong pipeline of future opportunities.

We continue to focus on driving scale with our core existing advertisers and direct publisher inventory, expanding existing relationships. We announced today an amendment to a contract with one of our top publishers, which, while it has a short term impact on profitability, provides us with additional ad inventory, including an in-article unit through which we can serve our enhanced suite of ad products, giving us the ability to generate enhanced revenues.

We are further developing our programmatic distribution capability and our programmatic revenue grew 6x in the six months to 30th June 2023 to £0.4 million, albeit from a low base (H1 2022: £0.07 million). This allows us to capitalise on further demand from our premium advertisers and scale their budgets via the Company's trusted and brand safe platform.

We have taken a strategic decision to open up our lifestyle vertical and place premium lifestyle advertising alongside financial content whereas historically lifestyle and financial clients were treated separately. Commencing in the second half of 2023, selective lifestyle ads will appear across our financial publisher inventory. The change of strategy has been driven by demand and reflects the interests of audiences in both business and leisure.

Our operational cost base has been significantly reduced following the restructuring of our sales and management teams. In March this year, Raphael Queisser and Cabell de Marcellus stepped down from the board and from their day to day roles. In April Ken Johnston rejoined Dianomi to spearhead the global sales team. This reorganisation has resulted in a reduction of cost of £1 million on an annualised basis. The Group continues to carefully scrutinise its cost base whilst ensuring that it invests sufficiently in future growth.

Financial Review

Group revenue decreased by 17.6% to £14.8 million (H1 2022: £18.0 million) in the six months to 30 June 2023 due to the decline in traffic volumes and decrease in revenue per click as highlighted above.

Gross margin decreased to 20.9% (H1 2022: 27.9%) due to the additional cost of sale incurred as a result of the contract amendment with one of the Group's largest customers as detailed above. Without this one-off cost of £0.8 million, gross margin would have been 26.6%, with the decrease vs the prior period being due to a larger contribution from CNN Business which is now the Group's largest publisher on a gross revenue basis. As a result, and combined with the decrease in revenues, gross profit for the period of £3.1 million showed a decrease of £1.9 million compared to the prior year period (H1 2022: £5.0 million).

The Group generated a loss at adjusted EBITDA* level of £1.0 million compared to a profit of £1.1 million in the six months to 30 June 2022. The loss is as a result of lower revenues and gross profit explained above, combined with higher IT related costs as a result of the Group's transition from a hosted data centre solution to Amazon Web Services ("AWS"). Though there were initial costs associated with the transition, it has resulted in a more cost-efficient, flexible and scalable solution going forward. During the period, as noted above, the Group also underwent a restructuring, resulting in various people leaving the business, and a more appropriate cost base going forward. However, there were exceptional costs amounting to £0.8 million (H1 2022: £nil) associated with the restructuring, relating to consultancy, legal and employee settlement costs. There will be further exceptional costs of c.£0.2 million relating to the restructuring recognised in H2.

Basic loss per share was 7.80 pence per share compared to a basic profit per share of 2.71 pence H1 2022. Adjusted loss per share** of 4.69 pence compared to an adjusted profit per share** of 3.55 pence in H1 2022.

Cashflow in the period was impacted by the unwinding of the working capital benefit recognised at the end of the year, the delay in receipt of certain overdue debtor balances amounting to c. £1.2 million (received shortly after the period end), one-off restructuring costs of £0.8 million and foreign exchange movement as a result of the strengthening of the pound against the dollar during the period. There will be a short-term impact on cash of c.£0.5 million in the current financial year as a result of the contract amendment detailed above which will unwind during 2024.

Cash used in operations was £3.4 million due to the costs relating to the restructuring, the one-off additional cost of sale and a decrease in trade and other payables of £1.9 million (H1 2022: cash used in operations of £0.6 million). Cash conversion is expected to improve in the second half of the year as the company returns to profitability.

Net assets as at 30 June 23 amounted to £9.0 million (31 December 2022: £11.8 million, 30 June 2022: £11.9 million), with the decrease compared to the year and prior period ends reflecting the decrease in cash. As at 30 June 2023 the Company had no borrowings and cash of £7.1 million (31 December 2022: £11.7 million, 30 June 2022: £10.4 million) with the decrease in cash reflecting the factors detailed above.

Outlook

While our markets are evolving so too is Dianomi. We are pursuing our plan to evolve into a full format advertising platform offering premium brands and agencies a single point of access to ad buying across the world's leading publishers aimed at generating increased and more predictable levels of revenue. We have the teams and products in place to achieve this goal whilst also continuing to drive our core native advertising platform attracting new advertisers and publishers.

We expect improvements in profitability as we move into the second half of the year, as cost savings from restructuring begin to feed through in addition to the enhanced revenue share from one of our major publisher partners. That said, while it is likely that our markets will remain challenging in the short term, the business has a solid financial base and a clear focus on the path to driving future sales and profitability.

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

** *Adjusted basic earnings per share is calculated using profit after tax before deducting exceptional items relating to the restructuring and share based payment charges*

DIANOMI PLC
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	6 months ended 30 Jun 2023 £000	6 months ended 30 Jun 2022 £000	Year ended 31 Dec 2022 £000
Revenue		14,841	18,006	35,915
Cost of sales		(11,734)	(12,978)	(26,127)
Gross profit		**3,107**	**5,028**	**9,788**
Administrative expenses		(5,201)	(4,132)	(8,981)
Other gains and losses		-	-	136
Other income		-	-	167
Operating (loss)/profit		**(2,094)**	**896**	**1,110**
Depreciation		107	-	107
Share based payments	**7**	145	250	526
Exceptional items	**8**	822	-	-
Other income		-		(167)
Adjusted EBITDA		**(1,020)**	**1,146**	**1,576**
Finance income		44	2	41
Finance expense		(2)	(1)	(4)
(Loss)/profit on ordinary activities before taxation		**(2,052)**	**897**	**1,147**
Taxation		(289)	(83)	(662)
(Loss)/profit for the period		**(2,341)**	814	**485**
Other comprehensive (loss)/income items that may be reclassified subsequently to profit or loss				
Currency translation differences		(544)	677	651
Total comprehensive (loss)/income for the period attributable to the owners of the company		**(2,885)**	**1,491**	**1,136**
Adjusted basic (loss)/earnings per ordinary share (p)	**6**	(4.69)	3.55	2.58
Adjusted diluted (loss)/earnings per ordinary share (p)	**6**	(4.69)	3.21	2.34
Basic (loss)/earnings per ordinary share (p)	**6**	(7.80)	2.71	1.62
Diluted (loss)/earnings per ordinary share (p)	**6**	(7.80)	2.46	1.46

All operations are continuing operations.

DIANOMI PLC
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	As at 30 Jun 2023 £000	As at 30 Jun 2022 £000	As at 31 Dec 2022 £000
Non-current assets			
Right-of-use assets	106	-	213
Total non-current assets	**106**	**-**	**213**
Current assets			
Trade and other receivables	7,593	7,207	7,874
Deferred tax asset	675	675	675
Cash and cash equivalents	7,089	10,446	11,663
Total current assets	**15,357**	**18,328**	**20,212**
Total assets	**15,463**	**18,328**	**20,425**
Current liabilities			
Trade and other payables	(6,281)	(6,100)	(8,048)
Corporation tax payable	(24)	(362)	(371)
Lease liabilities	(111)	-	(219)
Total current liabilities	**(6,416)**	**(6,462)**	**(8,638)**
Total liabilities	**(6,416)**	**(6,462)**	**(8,634)**
Net assets	**9,047**	**11,866**	**11,787**
Equity			
Share capital	60	60	60
Share premium account	5,436	5,436	5,436
Share options reserve	3,525	3,104	3,380
Foreign currency reserve	(405)	165	139
Capital redemption reserve	-	-	–
Retained earnings	431	3,101	2,772
Total equity attributable to the owners of the company	**9,047**	**11,866**	**11,787**

DIANOMI PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2023

	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 2023	**60**	**5,436**	**–**	**3,380**	**139**	**2,772**	**11,787**
Comprehensive loss for the period							
Loss for the period	–	–	–	–	–	(2,341)	(2,341)
Currency translation differences	–	–	–	–	(544)	–	(544)
Total comprehensive loss for the period	–	–	–	–	(544)	(2,341)	(2,855)
Transactions with owners of the Company							
Share based payment credit	–	–	–	145	–	–	145
Total transactions with owners of the Company	-	-	–	145	–	–	145
Balance at 30 June 2023	**60**	**5,436**	**–**	**3,525**	**(405)**	**431**	**9,047**
Balance at 1 January 2022	**60**	**5,436**	**–**	**2,854**	**(512)**	**2,287**	**10,125**
Comprehensive loss for the period							
Loss for the period	–	–	–	–	–	814	814
Currency translation differences	–	–	–	–	677	–	677
Total comprehensive loss 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**	**9,080**
Balance at 1 January 2022	**60**	**5,436**	**–**	**2,854**	**(512)**	**2,287**	**10,125**
Comprehensive income for the period							
Loss for the period	–	–	–	–	–	485	485
Currency translation differences	–	–	–	–	651	–	651
Total comprehensive income for the period	–	–	–	–	651	485	1,136
Transactions with owners of the Company							
Share-based payment credit	–	–	–	526	–	–	526
Total transactions with owners of the Company	–	–	–	526	–	–	526
Balance at 31 December 2022	**60**	**5,436**	**–**	**3,380**	**139**	**2,772**	**11,787**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 Jun 2023 £000	Six months ended 30 Jun 2022 £000	Year ended 31 Dec 2022 £000
Cash flows from operating activities			
(Loss)/profit on ordinary activities before taxation	(2,052)	897	1,147
Adjustments for:			
Depreciation – leased assets	107	-	107
Interest payable	2	1	4
Interest receivable	(44)	(2)	(41)
Decrease/ (increase) in trade and other receivables	281	187	(478)
(Decrease)/increase in trade and other payables	(1,874)	(1,980)	185
Other income	-	-	(167)
Share based payment charge	145	250	526
Cash (used in)/generated from operations	(3,435)	(647)	1,283
Taxation received/(paid)	(621)	119	(269)
Net cash (used in)/generated from operating activities	**(4,056)**	**(528)**	**1,014**
Cash flows from investing activities			
Interest received	44	2	41
Net cash generated from investing activities	**44**	**2**	**41**
Cash flows from financing activities			
Interest paid	-	(1)	-
Interest paid in respect of leases	(2)	-	(4)
Capital payments in respect of leases	(111)	-	(106)
Net cash used in financing activities	**(113)**	**(1)**	**(110)**
Net (decrease)/ increase in cash and cash equivalents	**(4,125)**	**(527)**	**945**
Cash and cash equivalents at beginning of period	11,663	10,278	10,278
Exchange movement on cash	(449)	695	440
Cash and cash equivalents at end of period	**7,089**	**10,446**	**11,663**

DIANOMI PLC

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

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 2023 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 2022, 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 2022, 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 19 September 2023 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 interim report, a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. As at 30 June 2023 the Group had net assets of £9.0 million (30 June 2022: £11.9 million) and cash and cash equivalents of £7.1 million (30 June 2022: £10.45 million). The Group has no debt outstanding or facilities in place (30 June 2022: £nil).

In March 2023, the Federal Deposit Insurance Corporation announced that it had been appointed receiver to SVB Financial Group ("SVB") and the Bank of England announced that it intended to apply to the Court to place Silicon Valley Bank UK Limited ('SVBUK') into a Bank Insolvency Procedure. At the time of the announcements, Dianomi had £3.9 million in deposits across SVB and SVBUK. Shortly thereafter SVBUK was acquired by HSBC UK Bank Plc and the Federal Deposit Insurance Corporation ("FDIC") and other regulators guaranteed all depositors in SVB, with First Citizens Bank subsequently acquiring Silicon Valley Bridge Bank, N.A. from the FDIC, meaning that all deposits were safe and secure.

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. Exceptional Costs

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 restructuring undertaken by the Company during 2023.

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.

4. Revenue

Revenue arises from:

	6 months to 30 Jun 2023 £000	6 months to 30 Jun 2022 £000	Year to 31 Dec 2022 £000
EMEA	2,328	3,101	6,591
APAC	466	544	1,007
U.S.A.	12,047	14,361	28,317
	14,841	18,006	35,915

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 23 £000	**Six months ended 30 Jun 22** £000	**Year ended 31 Dec 2022** £000
(Loss)/profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted EPS	(2,341)	814	485
Basic (loss)/earnings per ordinary share (p)	(7.80)	2.71	1.62
Diluted (loss)/earnings per ordinary share (p)	(7.80)	2.46	1.46

Adjusted basic and diluted EPS	**Six months ended 30 Jun 23** £000	**Six months ended 30 Jun 22** £000	**Year ended 31 Dec 22** £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	(2,341)	814	485
Adjusting items:			
Share based payments	145	250	526
Other income	-	-	(167)
Exceptional items	822	-	-
Tax impact of adjusting items	(34)	-	(68)
(Loss)/profit attributable to the ordinary equity holders of the Group used in calculating adjusted basic and diluted EPS	(1,408)	1,064	776
Adjusted basic (loss)/earnings per ordinary share (p)	(4.69)	3.55	2.58
Adjusted diluted (loss)/earnings per ordinary share (p)	(4.69)	3.21	2.34

	Six months ended 30 Jun 23	**Six months ended 30 Jun 22**	**Year ended 31 Dec 22**
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted basic EPS	30,027,971	30,027,971	30,027,971
Weighted share option dilution impact	3,189,063	3,151,686	3,184,268
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted diluted EPS	33,217,034	33,179,657	33,212,239

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 242,424 options were granted under these new option schemes during the period with an exercise price of 82.5p, being the closing mid-market price the day before grant. 208,487 options lapsed during the period.

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 (£)	2.68
Weighted average exercise price (£)	2.68
Volatility (%)	44.00%
Weighted average vesting period (years)	3
Risk free rate (%)	5.04%
Expected dividend yield (%)	-

The share-based remuneration expense comprises:

	As at 30 Jun 2023 £000	As at 30 Jun 2022 £000	As at 31 Dec 2022 £000
Equity-settled schemes	145	250	526

8. Exceptional items

Items which have been included within the exceptional category are the costs relating to the restructuring undertaken by the Company during 2023 and include settlement payments and legal costs.

	As at 30 Jun 2023 £000	As at 30 Jun 2022 £000	As at 31 Dec 2022 £000
Restructuring costs	822	-	-