Dianomi™

Annual Report 2023

Digital advertising perfectly placed

Dianomi™

FY 2023 Key Highlights

Revenue
£30.2 million
FY 2022: £35.9 million

Adjusted EBITDA*
£(0.4) million
FY 2022: £1.6 million

EBITDA
£(1.7) million
FY 2022: £1.2 million

Adjusted (loss)/profit per share**
(3.10) pence
FY 2022: 2.58 pence

Statutory (loss)/profit per share
(9.71) pence
FY 2022: 1.62 pence

Average spend by top 100 advertisers
£0.23 million each
FY 2022: £0.28 million each

Cash as at 31 December
£7.7 million
FY 2022: £11.7 million

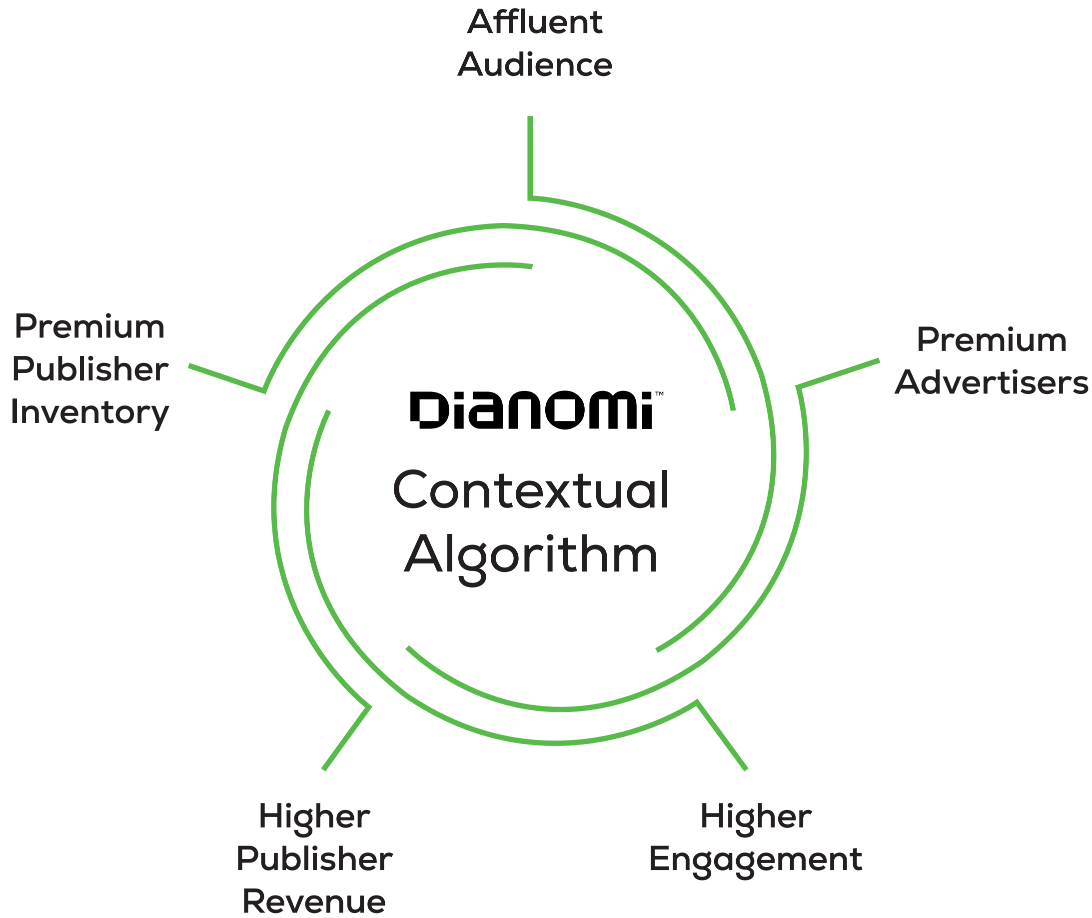
* Calculated as profit after tax before charging interest, tax, depreciation and amortisation in the financial year, adjusted for share-based payments, non-recurring income and costs relating to the reorganisation. This metric provides a more comparable indication of the Group's core business performance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

** Adjusted to exclude costs related to the reorganisation, non-recurring income, the derecognition of the deferred tax asset and share-based payments. Please refer to note 13 for further details.

Contents

How Dianomi adds value to digital advertising

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



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

Strategic Report

Premium positioning, away from the crowd

Dianomi™

Our Vision

To be the number one, privacy first media platform across the premium business, finance and lifestyle verticals.

Our Mission

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

Dianomi's Media Platform

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

Trusted By A Premium Advertiser Base

Unique access to 500m affluent and engaged readers a month

Chairman's Statement

'In response to the fall in traffic numbers across certain publications, the executive management team made some important strategic changes.'

Introduction

The business continued to face a number of market related challenges during the year, and we believe Dianomi (the "Company" or the "Group") responded well. The fundamentals of the business remain robust. Dianomi continues to work with an enviable premium client base, boasting relationships with the top global names in banking and wealth management alongside a host of leading financial institutions. The client list is matched by the premium portfolio of publishers from CNN Business and the Wall Street Journal to the Times. Our financial position is underpinned by a strong balance sheet.

Despite these advantages, the fall in traffic numbers across certain publications by up to 30%, naturally impacted the trading performance of the business in 2023. In response, the executive management team made some important strategic changes. Firstly, reducing the cost base by £1 million on an annualised basis. Secondly, reorganising the structure of the business teams and making changes to some key leadership positions. Thirdly, recognising the importance of improving distribution channels in this market and moving the business to becoming a full format advertising platform.

Dianomi therefore enters 2024 a more nimble and more focused business.

Our People

In March 2023, Raphael Queisser and Cabell de Marcellus, who, alongside our CEO Rupert Hodson, founded the business, stepped down from the Board and from their day to day roles. Dianomi is deeply grateful to both Raphael and Cabell for their substantial contributions to the business since its inception in 2003. This was also the start of a wider number of organisational changes made across the business. In April, Ken Johnston, who had originally helped establish our US presence, rejoined the business after a successful run as a sales leader at Meta. With Ken's appointment, as Head of Global Sales, came the key decision to integrate the sales teams of the US and EMEA and restructure the operating teams seeking greater collaboration and shared purpose. Towards the end of the year, in November, we welcomed Paul Gibson as an independent Non-Executive Director. Paul brings substantial operational experience and has spent 30 years in software and related services, as well as experience of serving on the Board's of several private and listed companies.

During the year the Board reviewed the equity incentivisation in place for employees and were of the view that the share option plans put in place at the time of the Company's IPO no longer met the three principles of its remuneration strategy, namely, alignment with shareholders, and incentivisation and retention of employees. Therefore, in order to ensure that the senior leaders and employees were appropriately incentivised, after consulting with significant shareholders, the Board took the decision to cancel the existing share options and grant new share options under new share option plans with rebased performance and extended vesting criteria alongside a lower exercise price.

'Strategically, the business remains well placed especially given the current demise of the cookie as an advertising targeting tool because our platform already provides a cookie-free solution.'

Our Strategy

Whilst a fall in traffic numbers impacted our trading performance in 2023, strategically, the business remains well placed especially given the current demise of the cookie as an advertising targeting tool because our platform already provides a cookie-free solution. Critically, Dianomi occupies a premium position in the contextual advertising space and has the platform and technology to offer transparency on performance for publishers and advertisers alike.

Dianomi is evolving from a native advertising platform where we serve ads into owned and operated placements on a publisher's website based on the content of those pages, to a full format advertising platform whereby we can offer advertisers different types of ad formats such as video, display, podcasts and polls as well as native. In doing so we aim to offer premium brands and agencies a single point of access to digital advertising buying across the world's premium publishers giving us the opportunity to compete for more varied and larger marketing budgets. To this end, we have continued to invest in programmatic capacity, together with broadening our suite of ad products significantly.

In 2023, the Group continued to broaden advertiser base by enabling financial and lifestyle ads to sit alongside each other across our full publisher inventory. The content we serve is typically from premium advertising brands and are vetted for quality and brand safety, meaning that the broader pool of lifestyle content is still highly relevant for our contextual positioning with publishing partners. Furthermore, we are increasingly moving our ads higher up the page, creating more viewable content with in-article units and display ads, reflecting the strength of our performance for publishers and consistent quality of our advertisers.

ESG

We seek to operate our business in an environmentally friendly manner. We are helped in this goal by our business model which is based on direct relationships with publishers without the need for intermediaries which in industry terms is known as supply path optimised and therefore more efficient, streamlined and carbon friendly than the majority of similar platforms. Furthermore, earlier this year we migrated from a hosted solution with Rackspace to AWS which on average runs workloads with a much lower carbon footprint than the average data centre.

In total, we are a company of less than 40 people and operate a hybrid home working and office working model, with the serviced offices from which we operate being environmentally conscious in the products they use and the energy they consume.

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

The Board operates within a robust governance framework and ensures that the Group has a balance of diverse skills and experience to deliver our strategy and growth objectives. The Board and its subcommittees include independent non-executive members with varying backgrounds and experience.

Financial Overview and Outlook

We delivered revenue for the full year of £30.2 million. This was a 15.9% decrease against the prior year and directly reflects the fall in traffic across the Group's publisher inventory. We made a loss at adjusted EBITDA* level of £0.4 million (unadjusted loss at EBITDA level was £1.7 million) and an adjusted loss per share** of 3.10 pence (statutory loss per share was 9.71 pence). This was due in part to a contract amendment with one of our top publisher partners whereby we agreed not to recoup an overpayment relating to a guarantee under which minimum traffic levels were not met, which resulted in the overpayment of £0.8 million being recognised as an additional cost of sale which was in part off-set by a higher revenue share with the publisher for second half of the year. During the first half of the year we undertook a cost rationalisation and, while the Group returned to profitability in the second half of the year, this rationalisation was not sufficient to offset the cost of the contract amendment and the reduction in revenue as a result of challenging market conditions.

Going into 2024, we believe the changes made to personnel and the way the business is structured have had a positive impact. The election in the US and in a further 63 countries around the world should benefit traffic numbers. Most importantly, there is a good pipeline of publisher and advertiser prospects which we are hopeful of converting during the course of 2024.

Lastly, I would like to thank both our shareholders for their support and the team for their continued commitment and enthusiasm towards driving Dianomi to achieve our goals.

Michael Kelly
Non-Executive Chairman
30 April 2024

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

** *Adjusted to exclude costs relating to the reorganisation, other, non-recurring income, the derecognition of the deferred tax asset and share-based payments. Please refer to note 13 for further details.*

Chief Executive's Statement

'Our objective is to grow the business beyond our native roots whilst retaining a premium, privacy first positioning.'

Introduction

As a technology-led business we are constantly working to evolve the solutions we provide to our clients and we did this successfully during 2023. While the market environment was certainly challenging, demand from many of our premium clients was unchanged. We represent all of the top ten largest asset managers and seven of the top ten largest wealth management companies in the US, similarly we represent 340 of the world's leading publishers. We continue to turn away the majority of the companies and publishers who ask to be a part of the Dianomi platform in order to ensure we remain a pure premium operator. We know that many of our customers and publishers would like to place more ads through our platform and this is why we are evolving from a native ad platform to a full format advertising platform.

Our objective is to grow the business beyond our native roots whilst retaining a premium, privacy first positioning. Our ability to achieve this is being significantly enhanced by the global switch from cookies to an ID free future. Advertisers and publishers continue to look for a solution to this seismic change and for the premium end of the market Dianomi provides a ready-made solution.

Operational review

The return of Ken Johnston to head global sales has had a positive impact on the business. Uniting the sales teams in the US and EMEA has brought the business closer together and highlighted the global nature of our business and potential for shared opportunities and collaborations. A key goal for the combined sales team is to maximise the opportunities for additional spend amongst the Group's ten largest clients all of whom have substantial global advertising budgets outside of their current spend with Dianomi.

The ability to increase the spend of existing clients is in part driven by capacity. Dianomi is evolving to enable clients to buy both native (owned and operated) and display (owned and operated and open market) ads. Currently, a top ten Dianomi publisher is trialing Dianomi direct demand display ads to their audiences, the results of which are due in Q2 2024. We have also substantially broadened our suite of products aimed at scaling CPM sales (where we charge the advertiser based on impressions rather than clicks) including Canvas, Polling, Content Hubs and Podcasts.

We took the decision to allow lifestyle ads to sit alongside financial ads for the first time on the Dianomi platform. Historically, lifestyle advertisers were treated as a separate vertical to financial advertisers. Over time it has become clear that our audiences are interested in both premium financial and lifestyle content and that it is logical and commercially valuable to combine them. This fits with the Dianomi approach to focus not on the publication but on the interests of our audiences. Each month there are approximately 440 million readers across our premium financial publications, and we know their interests

'We believe that we have an opportunity to be the contextual partner of choice in the direct and programmatic space within the premium end of the market.'

extend well beyond business. Initially, we are serving Lifestyle ads in just four categories: Automotive, Luxury, Technology and Travel.

We continue to develop our programmatic offering and our programmatic revenue grew by 50% in 2023 to £1.8 million from £1.2 million. During the year we were able to increase supply through testing a growing number of publishers including Newsweek, MSN Money and Yahoo Finance via programmatic channels. We believe that we have an opportunity to be the contextual partner of choice in the direct and programmatic space within the premium end of the market.

Commercial review

Our premium publisher base increased in number over the course of 2023 and by the end of the year we had 340 active publishers vs 336 at year end 2022 with the majority of new publishers being Apple News publishers. Despite only joining the Dianomi platform in 2021, CNN Business, is now our largest publisher with plans to further extend Dianomi's presence on CNN platforms. 20 new publishers joined in 2023 including US News, Smithsonian Magazine and The Guardian. However, the majority of our publishers experienced a drop in their traffic volumes which lead to a reduction in the number of clicks on our ads. Revenue per click ("RPC") was down at 55 pence in 2023 vs 64 pence in 2022 predominantly due to a change in the mix of our impressions, with more impressions coming from Apple News publishers, which tend to command a lower RPC.

During 2023, we had 371 active advertisers, compared to 387 in the prior year but we continued to attract new premium brands to the platform including Natixis Investment Managers, First Horizon Bank and CoStar Realty Investment. Reflecting the wider market environment average spend across the top 100 advertisers on the platform reduced by 18% to £227k per annum however we did see increased spend on the Dianomi platform from companies such as Bank of America and abdrn.

Financial review

Group revenue decreased 15.9% to £30.2 million (2022: £35.9 million) as a result of the decrease in traffic seen across our publisher base.

Programmatic revenue increased in the year from £1.2 million in 2022 to £1.8 million in 2023. Video revenue decreased from £1.4 million to £1.2 million. Video revenue tends to be tied to specific campaigns. We still believe that video represents a key growth opportunity for Dianomi and hope to report improved progress in the current year.

Revenue from the Group's new Lifestyle segment remained static at £1.3 million (2022: £1.3 million). With the decision to enable lifestyle advertisers across the whole of our publisher network, we hope to see the number of lifestyle advertisers grow in the current year.

Gross margin was down 260 basis points to 24.7% predominantly due to a contract amendment with one of our major publisher partners as a result of minimum guaranteed traffic levels not being met by the publisher which resulted in a one off cost of £0.8 million. The one off cost was in effect an overpayment by Dianomi which Dianomi agreed not to recoup, in return for which the publisher provided Dianomi with an enhanced revenue share as from 1 July 2023 and, in addition to its existing permanent ad units, additional premium ad inventory, including a new in-article unit in line with Dianomi's strategy of moving further up a publisher's page.

Gross profit for the period was £7.5 million (2022: £9.8 million), a 23.5% decline on the previous year due to lower revenues and the one off cost as described above.

We made a loss at adjusted EBITDA* level of £0.4 million (2022: profit of £1.6 million) and a corresponding adjusted** loss per share of 3.10 pence (2022: profit of 2.58 pence) reflecting the lower revenues and lower gross profit. Statutory loss per share was 9.71 pence (2022: profit of 1.62 pence). We underwent a reorganisation during the year in order to streamline the cost base, resulting in one-off costs of £1.1 million. The Group returned to profitability in the second half of the year and the first quarter of 2024.

We currently have no borrowings and at the end of the year we had cash of £7.7 million vs £11.7 million at the end of 2022. Our cash position declined during the year partly due to restructuring costs of £1.1 million associated with the cost rationalisation programme we undertook during the first half of the year, as well as the publisher overpayment as explained above, the losses in the first half of the year and the unwinding of the working capital benefit at the end of 2022 highlighted at the time of the 2022 results.

The Group is in a growth phase of its evolution and so the Board is not proposing to recommend a dividend and instead the Group will continue to preserve its cash resources so that it has sufficient capacity to invest in the growth of the Group and/or take advantage of strategic opportunities should they arise.

Outlook

As ever, I would like to thank our team, for their individual and collective contributions during 2023. We are a people business and it is our relationships with each other and with our clients that is the key to our success. Going into 2024, I am confident we have a stronger suite of products and solutions to offer our customers with which we can drive increasing scale into the business. Trading in the first three months is in line with our expectations and we will look to build upon that during the course of the year.

Rupert Hodson

Chief Executive Officer
30 April 2024

* *Calculated as profit after tax before charging interest, tax, depreciation and amortisation in the financial year, adjusted for share-based payments, other, non-recurring income and costs relating to the reorganisation. 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 relating to the reorganisation, other, non-recurring income, the derecognition of the deferred tax asset and share-based payments.*

Key Performance Indicators and Business Model

Key Performance Indicators

Financial

	2023	2022	Change
Revenue (£m)	30.2	35.9	(15.9)%
Gross margin	24.7%	27.3%	(9.5)%
Adjusted EBITDA* (£m)	(0.4)	1.6	£(2.0)
Adjusted EPS** (p)	(3.10)	2.58	(5.68)p
Net cash (£m)	7.7	11.7	(34.2)%

Non-Financial

	2023	2022	Change
Impressions (millions)	43,850	48,813	(10.2)%
Average unique devices per month (millions)	446	447	(0.2)%
Average revenue per click	£0.55	£0.64	(14.1)%

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

** *Adjusted to exclude share-based payments and non-recurring income, the derecognition of the deferred tax asset and costs relating to the restructuring. Please refer to note 13 for further details.*

Business Model

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

The Group provides over 350 advertisers, including blue chip names such as Charles Schwab, 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, CNN Business and WSJ, as well as premium publishers of Lifestyle content, such as Condé Nast and Golf.com. Dianomi negotiates directly with these publishers, entering into revenue share agreements which are typically 70/30 in the publishers' favour but can vary according to the size and nature of the publisher.

Advertising revenue is generated on a per-click basis, or a per view basis (with video ads) when a reader clicks an advert on a publisher's website. Some advertisers pay on a CPM basis which means they are charged every thousand impressions of their ad; therefore, Dianomi's interests are aligned with those of both advertisers and publishers. Dianomi collects the payment made by advertisers, retaining a share and passing the remaining balance on to the publisher.

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

The first is an account managed service, where the advertiser has a dedicated account manager who helps with each advertising campaign.

The second is self-service, where an advertiser who has previously been vetted by the Group, uses the Group's self-service platform to create and manage campaigns online.

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

Financial Review

	2023	2022	Change
Revenue (£m)	30.2	35.9	(15.9)%
Gross profit (£m)	7.5	9.8	(23.5)%
Gross margin	24.7%	27.3%	(9.5)%
Adjusted EBITDA* (£m)	(0.4)	1.6	£(2.0)
Adjusted (loss)/profit before tax* (£m)	(0.5)	1.5	£(2.0)
Adjusted EPS* (p)	(3.10)	2.58	(5.68)p
Net cash (£m)	7.7	11.7	(34.2)%
Net cash (£m)	11.7	10.3	13.6%

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

Basis of Preparation

The financial statements, for the year ended 31 December 2023 together with the comparative period data for the year ended 31 December 2022, are prepared in accordance with International Financial Reporting Standards adopted by the UK.

Revenue

Revenue decreased 15.9% to £30.2 million (2022: £35.9 million), predominantly due to lower traffic levels across the publisher base and a lower level of revenue being generated from new publishers coming on to the platform during the year compared to previous years.

Programmatic revenue increased to £1.8 million compared to £1.2 million in 2022 as we increased our capacity to buy additional publisher inventory via programmatic means. Video revenue decreased from £1.4 million in the year to 31 December 2022 to £1.2 million.

Revenue from the Group's Lifestyle segment amounted to £1.3 million (2022: £1.3 million). With the decision to enable lifestyle advertisers across the Group's entire publisher base, both financial and lifestyle, this segment should show growth in the current year.

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 decreased 23.5% to £7.5 million from £9.8 million, representing a gross margin of 24.7% (2022: 27.3%). The decrease was largely due to the one-off cost of £0.8 million relating to a contract amendment with one of the Group's largest publishers in the first half of the year which resulted from minimum guaranteed traffic levels not being met by the publisher. The one-off cost was in effect an overpayment by Dianomi which Dianomi agreed not to recoup in return for an enhanced revenue share as from 1 July 2023 and, in addition to its existing permanent ad units, additional premium ad inventory, including a new in-article unit.

Also contributing to the lower gross margin was the mix of publishers, with a larger contribution from CNN Business which is now the largest publisher for the Group, but which is on a lower revenue share than average in favour of the publisher, though Dianomi's share increases as revenue grows.

Administrative expenses

Administrative expenses decreased to £8.3 million in the year to 31 December 2023 from £9.0 million in 2022. Included in administrative expenses were share-based payments of £0.3 million (2022: £0.5 million). During the year the Board took the decision to cancel the existing share options and grant new share options under new share option plans with rebased performance and extended vesting criteria alongside a lower exercise price. The decrease in administrative expenses is due to the reorganisation undertaken by the Group during the year to rationalise its cost base. As a result of this reorganisation, staff costs, which represent the largest cost within administrative expenses, decreased to £4.5 million from £5.2 million in previous year. However, the reorganisation meant that the Group incurred one-off costs of £1.1 million in the year (2022: £nil).

The Group does not capitalise costs relating to the ongoing support and development of its platform, these are included within administrative expenses as they relate to the maintenance and enhancement of its ongoing operations, and therefore do not meet the capitalisation criteria.

Financial Review continued

Group profitability

As a result of both lower revenues and gross profit, the Group generated a loss at adjusted EBITDA level of £0.4 million compared to a profit of £1.6 million in 2022. To provide a better guide to the underlying business performance, adjusted EBITDA excludes share-based payments, other, non-recurring income and costs relating to the reorganisation along with depreciation, amortisation, interest and tax from the measure of profit.

The Group made a loss before tax of £1.8 million and a loss after tax of £2.9 million (2022: profit of £1.1 million and £0.5 million respectively).

Net finance income

Net finance income was £0.1 million compared to net finance income of £0.04 million in 2022, reflecting the higher interest rate environment. The Group is debt-free and has no interest rate exposure.

Taxation

The Group had a tax charge for the year ended 31 December 2023 of £1.1 million (2022: £0.7 million) representing the tax payable in relation to the Group's US subsidiary and the derecognition of the deferred tax asset. For further detail on taxation see notes 11 and 12 of the Financial Statements. Adjusted loss after tax, used in calculating adjusted earnings per share, is shown after adjustments for the applicable tax on adjusting items as set out in notes 8 and 13.

Earnings per share

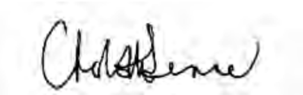
Loss per share for the year ended 31 December 2023 was 9.71 pence (2022: earnings of 1.62 pence). Adjusted loss per share was 3.10 pence (2022: earnings of 2.58 pence). Adjusting items and their tax impacts are set out in note 13.

Diluted loss per share for the year ended 31 December 2023 was 9.71 pence (2022: earnings of 1.46 pence). Adjusted diluted loss per share was 3.10 pence (2022: earnings of 2.34 pence). As at 31 December 2023, 1,420,017 share options were outstanding (31 December 2022: 1,721,551) following the cancellation of the option plans implemented at IPO and introduction of the new option plans in November 2023.

Statement of Financial Position

Net assets as at 31 December 2023 totalled £8.6 million (31 December 2022: £11.8 million). Trade receivables increased to £8.1 million (31 December 2022: £7.5 million) and trade creditors increased to £4.2 million as at 31 December 2023 (31 December 2022: £3.0 million). Accruals, which predominantly reflect the payments due to the Group's publisher partners, decreased to £3.0 million as at 31 December 2023 from £4.5 million as at 31 December 2022.

The Group's net cash position decreased 34.2% to £7.7 million as at 31 December 2023 (31 December 2022: £11.7 million). The Group used cash during the year due to the unwinding of the working capital benefit at the end of 2022 as flagged in the 2022 Annual Report, the one-off costs incurred in relation to the reorganisation and the contract amendment with one of the Group's major publisher partners. Net cash outflow from operations was £3.2 million in 2023 (2022: net cash inflow of £1.0 million) with £0.9 million of tax paid in the year in relation to the Group's US operations, including amounts due from 2022 and payments on account in relation to 2024, which resulted in overpayments which will be put towards the Group's 2024 tax liability. The Group is debt-free.



Charlotte Stranner
Chief Financial Officer
30 April 2024

Section 172 Statement

For the year ended 31st December 2023

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

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

The Directors remain committed to engaging with the Group's stakeholders and considering their interests when making key strategic decisions. Key stakeholders have been identified as follows:

Employees

The Board acknowledges people are essential to the delivery of our strategy and the Executive Directors work hard to provide a collaborative and empowering working environment. We invest in our employees from the outset working with them to help them achieve their ambitions and grow within the firm. During the year the Board reviewed the equity incentivisation in place for employees and were of the view that the share option plans put in place at the time of the Company's IPO on AIM in 2021 did not meet the three principles of its remuneration strategy, namely; alignment with shareholders, and incentivisation and retention of employees and therefore cancelled the share options granted at IPO and granted new share options under new share option plans with rebased performance criteria and a lower exercise price, albeit the number of share options granted to employees was lower than those originally held, in order to promote alignment with shareholders and reduce dilution.

The Company undertakes performance monitoring and holds knowledge sharing and learning sessions as well as other forums in which employees can share their views on the business, including team, product and market changes as well as new commercial opportunities. In addition, each department meets regularly as a team giving all staff a chance to provide feedback to the senior leadership team either directly or via their manager. The Group operates a hybrid working model and the Company hosts social events throughout the year in order to maintain our strong focus on employees' interests and wellbeing.

The Board and its Committees are ultimately responsible for setting high standards for ethical behaviour which is implemented, reviewed and monitored by the Executive Directors. Through good governance, high standards of conduct and informed decision making, the Board ensures that the right decisions are made for the business, its employees and other stakeholders. Policies and processes are in place to ensure the Group complies with applicable laws and regulation and these are reviewed regularly and updated where necessary.

Shareholders

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

During the year the CEO and the CFO engaged with shareholders through its publication of its annual and half year financial results as well as other announcements during the year. Furthermore, all shareholders were invited to attend the Company's Annual General Meeting ("AGM"). At the AGM we encourage our shareholders to ask questions and engage in a dialogue with the directors. During the review of Dianomi's share option plans, the Chairman consulted with the Company's largest shareholders in advance of implementing the changes and the intention is to include a non-binding shareholder resolution at the AGM due to be held in May 2024 regarding the adoption of our Remuneration Report, to enable shareholders to vote on the plans.

In addition, all announcements and reports and other key shareholder information is available on the investor section of the Group's website which is updated on a regular and timely basis.

During the year the Company also improved the balance of independent directors on the Board with the appointment of Paul Gibson in November as an Independent Non-Executive Director. In addition, the Chair of our Board. Mike Kelly rescinded the share options granted to him at the time of the IPO and so now none of the non-executive directors have rights to shares in the Company.

Partners and Suppliers

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

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

Dianomi also looks to support sustainability with its buying decisions.

Customers

The Group's customers are its advertisers. All significant customer accounts have a dedicated client services representative who meets with the customer regularly to discuss their needs and ensures the Group is helping them meet their objectives. The team regularly attends industry events to build strong relationships with key customers, both new and existing, and keeps abreast of relevant industry news and insights in order to best serve the Group's customer base.

Principal Risks and Uncertainties

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

Details of the financial risk management objectives and policies of Dianomi and exposure to foreign exchange risk, market risk, credit risk and liquidity risk are given in note 21 to the consolidated financial statements. The material business and operational risks that the Directors consider Dianomi to be exposed to include, but are not limited to, the following:

Potential Risk Description	Mitigating Factors
Retaining a large premium customer and partner base The Group's strategy is to work with premium advertisers and publishers and the success of the Group's business model is dependent on retaining premium advertisers and publishers and ensuring that advertisements are suitably placed with reputable publishers. In the event that the Group's reputation or the reputation or branding of either the advertisers or publishers that the Group works with were damaged, this could have a significant impact on the Group's reputation and the willingness of its customer base and networks to continue to work with the Group.	Dianomi controls the quality of the adverts it serves and ensures adverts placed are relevant to the content displayed on the webpage. Consequently, Dianomi avoids issues commonly associated with 'clickbait' advertising, whereby unrelated or low-quality adverts are served, with the potential to damage the brands of publishers and the premium advertisers that appear alongside the 'clickbait'. Publishers and advertisers are vetted before becoming partners and customers of the Group to ensure Dianomi's premium focus is not affected. Those considered to be a potential reputational risk are turned away.
Inability to win new advertiser and publishers The Group's success and revenue growth is dependent on adding new advertisers and publishers, failure to do so could impact financial growth and result in targets not being met. In the recent years, growing the number of new publishers and advertisers on the platform has been more challenging than in previous years	During the year the Group has continually added to and improved the functionality of its platform and its product offering, including its programmatic capabilities, providing further opportunities for new publishers and advertisers in line with its evolution from a native ad platform to a full format advertising platform.
Technological change and competition The market that the Group operates in is fast paced and competitive. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Group's business, financial condition and results of operations. Competitors and new entrants may have greater financial and marketing resources and may seek to develop technology that more successfully competes with the Group's current software and service offering, as well as potentially adopting more aggressive pricing models and marketing campaigns, which may place the Group at a significant disadvantage.	Dianomi continually invests in innovating the services and products it provides. Furthermore, Dianomi continues to develop its programmatic solution which will allow Dianomi's advertising clients to purchase advertising media programmatically on a viewable CPM basis as well allowing Dianomi to buy additional inventory programmatically. Dianomi is also investing in marketing to ensure presence at industry events and targeted promotions.
An economic downturn and unexpected events can impact advertiser demand and spend Our revenue and results are highly dependent on overall advertising demand and spending in the markets in which we operate. Factors that affect the amount of advertising spending, such as economic downturns and unexpected events, can make it difficult to predict our revenue and could adversely affect our business, results of operations, and financial condition. Macroeconomic factors, including instability in political or market conditions, as well as adverse economic conditions and general uncertainty about economic recovery or growth could impact our advertisers' budgets and our publishers' willingness to enter into partnerships on favourable terms.	After two years of low growth in financial services digital advertising spend in the US (which represents the Group's largest market and c.80% of revenue) in 2022 and 2023, financial institutions are ready to expand their budgets and total financial services digital advertising spend in the US is forecast to grow 10.6% to $33.2bn in 2024 and 11.3% to $36.96bn in 2025 (source: e-marketer, August 2023). Dianomi's current share of this market is negligible, thereby providing significant opportunity to grow and increase market share. Furthermore, Dianomi's platform provides contextual targeting which does not rely on cookies, is performance based and fully transparent which, in combination, are key differentiators of the Group's offering, especially with the current demise of the cookie. The Group's sales and account management function works with advertisers to adapt their messaging to suit the current climate.
Publisher traffic levels Our ability to generate revenue depends on people visiting the web channels of the publishers with whom the Group partners to view and click on ads. Declines in traffic levels to publishers' websites such as those seen in 2023 can negatively affect our ability to monetise their content leading to a decrease in revenue and dissatisfied publishers.	With the current demise of the cookie presenting challenges within the digital advertising market, Dianomi is well placed to address these challenges as our platform provides contextual targeting which does not rely on cookies. The Group is in constant communication with its publishers in order to optimise ad units to deliver the best return and in certain cases, increase the number of units into which Dianomi can serve ads. Furthermore, the Group has a pipeline of new publishers it is looking to work with. On a news flow basis, the election in the US and in a further 63 countries around the world should benefit traffic numbers in 2024.

Potential Risk Description	Mitigating Factors
Reliance on a key distribution channel to maintain growth and future revenues The Group's monetisation of adverts through the Apple News channel as an approved sales agent has expanded the Group's existing relationships with publishers, but has also led to the origination of new relationships with publishers previously not engaged. Generation of revenue through the Apple News channel represented 22 per cent. of the Group's revenue in 2023 (2022: 20%). If the Group were to lose its position as an approved sales agent of advertisements by Apple, it would also have an adverse impact on the Group's revenue and prospects and the ability to seek new relationships with publishers that have access to the Apple News application would be lost.	Dianomi is able to help monetise publishers' content on Apple News which they otherwise would not be able to do thereby benefitting the publishers and their relationship with Apple. Dianomi is in regular dialogue with Apple and continues to explore ways of expanding its relationship. The Group continues to expand its base of publishers outside of the Apple News channel, with the intention of decreasing the % of revenue generated by this channel.
Reliance on software and IT infrastructure If the Group fails to detect or prevent fraud on its platform, or malware intrusion into its systems or the systems or devices of its publishers and their consumers, publishers could lose confidence in Dianomi and the Group could face legal claims that could adversely affect its business, results of operations and financial condition. Furthermore, when further developing the platform, the stability of the platform could be compromised whilst changes or updates are implemented. In addition, insufficient hosting infrastructure or disruptions to service from third-party data centre hosting facilities and cloud computing and hosting providers could impair the delivery of services and harm the business.	Dianomi performs regular security checks and reviews and has various processes in place to mitigate cyber risk. During the year the Group was awarded the Cyber Essentials Certification. Employees undertake mandatory cyber security training. A Group fraud policy and response plan is in place. All technology infrastructure is reviewed and tested on a regular basis to ensure sufficiency and appropriateness and updates are made as required. Any significant changes are deployed at the quietest time of the week and day to ensure minimal disruption. A variety of service providers is used to ensure stability across the business and regular service reviews are undertaken. During the year the Group migrated from a hosted data centre solution to Amazon Web Services.
Compliance with laws and regulations and industry requirements The Group is subject to industry requirements and laws and regulations related to data privacy, data protection and information security and consumer protection across different markets where the Group operates, including in the United States, the European Economic Area ("EEA") and the United Kingdom. Such laws, regulations and industry requirements are constantly evolving and changing.	Dianomi is committed to data privacy and protection compliance throughout its offering and has an in-house legal with expertise in data protection. Relevant aspects of such laws and regulations have been reviewed, and necessary actions have been taken. External expertise has been sourced where necessary. The Group continues to review, update and implement processes and policies in order to meet industry developments and ensure the Group satisfies the requirements under the applicable laws and regulations.
Requirement to pay guarantees When negotiating new contracts with publishers, in order to be competitive Dianomi may offer to pay a specified minimum guaranteed amount to the publisher. Dianomi currently provides a minimum guarantee to a small number of publishers. If Dianomi's performance under such contracts does not meet the minimum guarantee requirements, its profitability could be negatively impacted. Equally these guarantees could be subject to commercial negotiations resulting in changes to the financial profile of contracts.	Dianomi only enters into such contracts after a comprehensive review of the feasibility of meeting said guarantees, using comparative data from other publishers with whom it currently works and data provided by the new publisher if available. The impact on the Group's cashflow and profitability is also considered when coming to a decision.
Financial Stability of Banking Providers During the year one of the banks with whom the Group held cash deposits experienced financial difficulties which could have affected the Group's ability to access its cash deposits and consequently its overall cash position should the bank have gone into liquidation. If in the future one or more of the Group's banking providers experiences financial difficulties, this could have a negative impact on its cash balances and/or ability to access cash in order to meet its liabilities as they fall due.	The Group holds its cash deposits across a variety of banks, with the majority being held with JP Morgan Chase and HSBC Innovation, both of which have high credit ratings. (Fitch AA-, S&P A+ and Moody's A1). Cash is held in instant access accounts so can be accessed at short notice if signs of difficulties become apparent though certain amounts can be held on short, fixed term deposit in order to benefit from advantageous interest rates.
Dependence on key personnel and employees The continued success of the Group depends partly upon the performance and expertise of its current and future key executives and personnel. A lack of skilled workforce could result in a drop in services levels and customer dissatisfaction, and therefore have an adverse negative impact on the Group in terms of its reputation. The Group currently has a relatively small senior management team and workforce, whose skills, knowledge, experience and performance in certain key areas are important to the Group's ongoing success. The loss of such individuals, or the failure to train and attract other high calibre individuals may impact on the Group's business and the Group's ability to achieve its growth targets.	The Group aims to provide a healthy and enjoyable working environment. There are various incentive schemes in place for its management team and other key personnel in order to ensure employees are retained and rewarded. During the year the Company introduced a new long term incentive plan through which employees were awarded rebased share options so that they have the opportunity to share in the Company's future success following a difficult couple of years. There are contractual notice periods for all key staff, with longer periods for senior and key team members.

Board of Directors

Michael Kelly, Independent Non-Executive Chairman

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

Rupert Hodson, Chief Executive Officer

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

Charlotte Stranner, Chief Financial Officer

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

Laura Shesgreen,
Independent Non-Executive Director

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

Paul Gibson,
independent Non-Executive Director

Paul joined the board in November 2023. Paul has over 35 years of operational experience and has extensive experience working as a Non-Executive Director for technology companies including XCD HR Software, Myzone Group and Castleton Technology plc, and has worked in an advisory capacity since 2016. Prior to this, Paul held various executive roles for both public and private companies as both CEO and COO for Advanced Computer Software plc, and as CFO for Redac Ltd (Ex Cedar plc). He is an ACCA fellow.

Matthew Singh,
Non-Executive Director

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

Governance

Operating a responsible business

Corporate Governance

The Board of the Company is committed to high standards of corporate governance, which it considers are critical to business integrity and to maintaining investors' trust in the Company. This section sets out our approach to governance and provides further detail on how the Board and its Committees operate. The Chairman's role is to lead the Board of Directors and to be responsible for ensuring that the Group adheres to and applies the standards of corporate governance. The Company applies the main principles of the Quoted Companies Alliance (QCA) Code and complies with its detailed provisions. In November 2023 the QCA published a revised QCA Corporate Governance Code which has been updated to address emerging investor demand for good corporate governance in a number of ESG-related areas. During 2024 the Company will be reviewing the changes introduced by the 2023 QCA Code with a view to aligning to its recommendations. The corporate governance framework which the Group operates, including Board leadership and effectiveness, Board remuneration and internal controls, is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the businesses within the Group. The key governance principles and practices are described in the statement below, together with the Audit and Risk and Remuneration Committees' reports on pages 24 to 28 and the Directors' Report on pages 30 to 31.

Statement of compliance

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

The Composition of the Board

The Board is responsible for the strategic direction, investment decisions and effective control of the Group. During the year ended 31 December 2022 the Board comprised four Executive Directors, an Independent Non-Executive Chairman and two Non-Executive Directors, one of whom was considered independent. In March 2023, Raphael Queisser and Robert Cabell de Marcellus stepped down from the board and their roles as COO and CTO respectively. In November 2023 Paul Gibson joined the board as a Non-Executive Director. Currently the board comprises two Executive Directors, an Independent Non-Executive Chairman and three Non-Executive Directors, two of whom are considered independent.

Biographies of each of the Board Directors, including the Committees on which they serve and chair, are shown on pages 16 and 17. The Board regularly reviews the effectiveness of its performance and that of its committees and individual Directors and is satisfied that, between the Directors, it has an effective and appropriate balance of skills and knowledge, including a range of financial, commercial and entrepreneurial experience. The Board is also satisfied that it has a suitable balance between independence (of character and judgement) and knowledge of the Company to enable it to discharge its duties and responsibilities effectively. Michael Kelly, Paul Gibson and Laura Shesgreen are considered to be independent. No single Director is dominant in the decision-making process.

The Board aims to convene eleven times a year, with additional meetings being held as required. The majority of meetings were held virtually to reduce travel from both an environmental and cost perspective, with certain ones held in person. Details of Board and Committee meetings held during the financial year and the attendance records of individual Directors can be found on page 19.

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

Board and Committee Attendance for the year ended 31 December 2023

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

	Board	Audit	Remuneration
Michael Kelly**	9 of 9	2 of 2	1 of 1
Laura Shesgreen**	9 of 9	3 of 3	1 of 1
Matthew Singh	9 of 9	3 of 3	1 of 1
Rupert Hodson	9 of 9	–	–
Charlotte Stranner	9 of 9	3 of 3*	–
Paul Gibson**	2 of 2	1 of 1	–
Raphael Queisser***	1 of 1	–	–
Robert Cabell de Marcellus***	1 of 1	–	–

* *by invitation only.*

** *Paul Gibson joined the board on 13 November 2023 and became chair of the Remuneration Committee and a member of the Audit Committee. Simultaneously Laura Shesgreen stepped down from the Remuneration Committee and Michael Kelly stepped down from the Audit Committee.*

*** *Raphael Queisser and Robert Cabell de Marcellus stepped down as directors on 15 March 2023.*

Corporate Governance continued

Appointments to the Board and Re-election

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

Division of Responsibilities

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

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

Culture

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

Matters reserved for the board

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

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

The Main Activities of the Board During the Year

Key Board activities during the year included:

- Overseeing the performance of the business;
- Reviewing and reorganising the structure of the organisation and its people; and
- Reviewing progress across all elements of the Group's growth strategy, including the development of its programmatic solution and winning new publishers and advertisers.

Audit Committee

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

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

Remuneration Committee

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

External Advisors

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

Relationships with stakeholders

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

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

Risk management and internal controls

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

The Board's financial risk management objectives involve safeguarding Dianomi's assets by identifying, managing, monitoring and reporting the critical risks across the business. Dianomi has a risk register which identifies, monitors and reports on the critical risks of the business. The risk register covers commercial, financial, operational, competitive, technology and other risks and is reviewed on at least a bi-annual basis. The Board, via the Audit Committee, reviews the risks and ensures that they are being addressed.

Directors' Information, Support and Development

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

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

Conflicts of Interest

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

Environmental, Social and Governance ("ESG") Report

Social

Our People

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

Diversity

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

We champion women leaders both within the Board and senior management team as well as at all levels of the organisation. During the year, the Board included two female directors, representing between 29% and 40% of the total board. At the date of this Annual Report and Accounts, our workforce consists of 33% female employees (FY22: 29%).

We also champion people from ethnic minorities and as at the date of this Annual Report and Accounts, one of the Directors on the Board comes from an ethnic minority background and our workforce consists of 23% (FY22: 21%) employees from an ethnic minority background.

Inclusivity

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

Employee Engagement and Recognition

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

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

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

Share Option Schemes

At the time of the Company's IPO on AIM in May 2021 employees were awarded long term incentive share options in order to provide them with the opportunity to further share in the Company's success. The options were issued at fair market value with the exercise price being equivalent to the price at which the new shares were placed with investors at the time of the Company's IPO on AIM. Following a period of challenging trading conditions and financial underperformance, the Remuneration Committee and Board were of the view that the options issued at IPO no longer met the principles of its remuneration strategy, namely, alignment with shareholders, and incentivisation and retention of employees and have therefore cancelled the options granted at IPO.

Following the cancellation, the Group introduced new option plans under which the vesting period was extended, the exercise price was reduced, and the performance criteria was amended. In order to promote alignment and protect shareholder dilution, the Board and Remuneration Committee sought to introduce areas of compromise, including a reduction in quantum of options granted to individuals, and a principle that until financial performance recovers to IPO levels, there is no reward to participants.

Dianomi Days

Throughout the year we arrange various activities for all employees with the focus on inclusivity and well-being.

Hybrid Working

Given the success we experienced deploying home working and communication tools throughout the pandemic we continue to be committed to maintaining a hybrid working model. We strongly believe that there are benefits to both being in the office, collaborating closely with colleagues as well as the ability to ensure focused thinking time whilst working from home. Adopting this model brings real business benefits, expands out talent pool and ensures we keep our colleagues motivated with a flexible approach to their working arrangements, which we know is very important to our colleagues.

Collaboration

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

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

Sponsorship and Charitable Activity

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

We also encourage employees to undertake their own charitable endeavours and during the year 5 of the team took part the Royal Parks Half Marathon in London, raising money for NABS, the advertising industry's wellbeing charity and Alder Hey Children's Hospital.

Environmental

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

As a digital advertising technology company, we operate in a digital-first industry which relies on interest usage resulting in carbon emissions. However, the majority of our business operates on a direct model with direct relationships with publishers without the need for intermediaries which in industry terms is known as supply path optimised and therefore, we are more efficient, streamlined and carbon friendly than the majority of similar platforms which consume vast amounts of energy due the duplication of ad requests and multiple partners in the supply chain. We also have proprietary technology that allows us to measure performance and collect data directly, meaning fewer steps and therefore less energy being used to drive performance and revenue. We are also very selective with the publishers and advertisers we work with and only work with high quality companies that are also environmentally conscious and have ethical business practices.

Furthermore, earlier this year we migrated from a hosted solution with Rackspace to AWS which on average runs workloads with a much lower carbon footprint than the average data centre. This is because AWS is able to achieve a higher capacity higher capacity utilisation of servers; because they design their infrastructure for low energy consumption; because they work with power vendors to use renewable energy; and because they generate our own renewable energy through wind and solar farms. Amazon is also on path to powering its operations with 100% renewable energy by 2025 and is committed to achieving net-zero by 2040. At Dianomi, are looking to identify other areas where we can reduce our direct and indirect carbon emissions towards a target of net zero.

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

The landlord at our London office is committed to promoting sustainability through the types of energy, materials and the products used within the building.

We operate a largely paperless office; however, we can always do better. All employees are advised that documents and emails should not be printed, instead accessed via Google shared drives.

Governance

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

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

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

Audit Committee Report

As Chair of the Audit and Risk Committee ("the Committee"), I am pleased to present our Audit and Risk Committee Report for the year ended 31 December 2023.

Membership

The Audit and Risk Committee comprises three members, Paul Gibson, Matthew Singh and me, Laura Shesgreen. Matthew Singh, Paul Gibson and I are Non-Executive Directors of the Company. Prior to Paul's appointment as a director in November 2023, Michael Kelly, Non-Executive Chairman was a member of the Committee. I, Paul and Michael are considered Independent. As Chair of the Committee with a background as a chartered accountant I have significant, recent and relevant financial experience. The Committee's biographies are set out in the Corporate Governance Report.

Meetings and Attendance

The Committee met three times during the year ended 31 December 2023 and once prior to the date of this report during 2024. All members of the Committee at the time of each meeting were present. Charlotte Stranner, Chief Financial Officer, also attended all meetings by invitation. The external auditor attended part of all meetings in 2023 at which the annual audit for 2022 and the Annual Report and Financial Statements for the year ended 31 December 2022, the interim report for the six months to 30 June 2023 and the audit plan for 2023 were respectively discussed and reviewed. Also, we held a meeting in 2024 at which the annual audit for 2023 and the Annual Report and Financial Statements for the year ended 31 December 2023 were reviewed.

Duties

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

- Monitoring the integrity of the financial statements of the Group, including all formal announcements relating to financial performance;
- Reviewing and reporting to the Board on significant financial reporting issues and judgements contained in any announcements of financial performance;
- Reviewing the effectiveness of internal financial controls and internal control and risk management systems;
- Reviewing the adequacy of arrangements for the raising of concerns about possible wrongdoing, procedures for detecting fraud and systems and controls for the prevention of bribery;
- The recommendation of, appointment, re-appointment, and removal of the external Auditor;
- Reviewing the scope and results of the external annual audit by the Auditor, their effectiveness, independence and objectivity; and
- Reviewing the nature and extent of any non-audit services provided by the external Auditor.

The Committee reports on all such matters to the Board.

The main items of business considered by the Committee during the year (and at its meeting in 2024 in relation to the 2023 audit and Annual Report and Financial Statements for the year ended 31 December 2023) included:

- Consideration and approval of the 2022 financial statements of the Group and Company, the external audit report and management representation letter;
- Review and approval of the interim report for the six months ended 30 June 2023;
- Review and update of the Group's risk register;
- A review of the year-end 2023 audit plan, consideration of the scope of the audit, the risks identified by the external auditor and the external auditor's fees; and
- Consideration and approval of the 2023 financial statements of the Group and Company, the external audit report and management representation letter.

External Auditor

The Committee approved the appointment and remuneration of the external auditor, the Chief Financial Officer monitors the level and nature of non-audit services, and specific assignments are flagged for approval by the Committee as appropriate. The Committee reviews non-audit fees and considers implications for the objectivity and independence of the relationship with the external Auditor. The Committee maintains regular dialogue with the external auditor on ways to improve the efficiency and effectiveness of the external audit process. The responsibilities of the Board and external auditor in connection with the Group's financial statements are set out in the Statement of Directors' Responsibilities and Auditor's Report respectively and details of the services provided by and fees payable to the auditor are included in note 7 to the Consolidated Financial Statements. The external auditor has direct access to me and other members of the Committee, without executive management being present if they wish.

The Company's external auditor is BDO LLP. Having reviewed the auditor's independence and performance to date, the Committee recommended to the Board that they be reappointed for the Company's 2024 audit. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the next annual general meeting.

During the year to 31 December 2023, fees paid to BDO LLP in relation to non-audit services amounted to £27k (2022: £34k).

Audit Process

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

Internal Audit

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

Risk Management and Internal Controls

The principal risks facing the Group are summarised on pages 14 to 15 of this Report. The Audit Committee supports the Board in reviewing the risk management methodology and the effectiveness of internal control. During 2023, there was an ongoing management process for identifying, evaluating and managing the significant and emerging risks faced by the Group. The corporate risk register is shared and refined with the Audit Committee and Board during the year, coordinated by the Chief Financial Officer and includes mitigating actions for each risk. The Committee reviewed with the CFO the principal risks, including descriptions of the risks, an assessment of the impact on the business, the probability of their occurrence, management accountability and mitigating controls and actions.

Laura Shesgreen

Laura Shesgreen
Chair of the Audit and Risk Committee
30 April 2024

Remuneration Committee Report

As Chair of the Remuneration Committee ("the Committee"), I am pleased to present our report for the year ended 31 December 2023 which sets out details of the composition and activities of the Committee. Details of the remuneration paid to Directors during the year are set out below.

Committee Meetings and Attendance

I became Chair of the Committee upon my appointment as a director on 13 November 2023. Michael Kelly and Matthew Singh are the other Committee members. The Board considers that I have sufficient relevant experience to chair the Committee, given the Board level positions currently and previously held. Prior to my appointment, the Committee was chaired by Michael Kelly and Laura Shesgreen, Non-Executive Director, was a member.

In the year ended 31 December 2023 the Committee met once and then met again in January 2024 after my appointment and the meetings were attended by all three members of the Committee at the time.

Duties

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

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

Remuneration of Executive Directors

The Remuneration Committee determines the Company's policy on the structure of Executive Directors' remuneration. The objectives of this policy are to:

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

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

Salaries

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

Annual Bonus

From 1 January 2022 onwards, all Executive Directors were eligible to receive discretionary performance-related annual cash bonuses. No bonuses were awarded for the years to 31 December 2023 and 2022.

Other Benefits

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

Share awards

Executive Directors may, at the discretion of the Remuneration Committee, be granted share option awards under the Company's share option schemes. Any awards granted are subject to performance criteria. Further detail can be found later in this report.

Service agreements

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

Director	Date of contract	Unexpired term	Notice period by the company	Notice period by the Director
Rupert Hodson	18 May 2021	Rolling contract	6 months	6 months
Charlotte Stranner	18 May 2021	Rolling contract	3 months	3 months

Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board, based on a review of current practices in comparable companies. Non-Executive Directors receive pension payments where applicable and do not participate in any incentive schemes, with the exception of the Chairman who received some share options at the time of the Company's IPO on AIM in May 2021 which were cancelled and not replaced in November 2023. The Company repays the reasonable expenses that Non-Executive Directors incur in carrying out their duties as Directors.

Terms of appointment

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

Directors' Remuneration

The following table summarises the Directors' remuneration for the year ended 31 December 2023 and the year ended 31 December 2022, in line with the Companies Act 2006 requirement. No share options were exercised by the directors in the year (2022: nil):

	FY23			
Name	Salary £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Michael Kelly	50	–	–	50
Rupert Hodson	190	11	2	203
Charlotte Stranner	180	–	1	181
Laura Shesgreen	60	–	–	60
Paul Gibson[1]	7	–	–	7
Matthew Singh[2]	50	–	–	50
Total	**537**	**11**	**3**	**551**

	FY22			
Name	Salary £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Michael Kelly	50	–	–	50
Rupert Hodson	220	11	2	233
Charlotte Stranner	180	–	1	181
Laura Shesgreen	60	–	–	60
Matthew Singh[2]	50	–	–	50
Total	**560**	**11**	**3**	**574**

[1] Paul Gibson was appointed to the board on 13 November 2023.

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

Remuneration Committee Report continued

Former Directors:

Name	Year	Salary £'000s	Notice and Termination Payment £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Raphael Queisser	FY23	37	221	2	1	261
(resigned 15 March 2023)	FY22	220	–	7	3	230
Robert Cabell de Marcellus	FY23	37	225	–	1	263
(resigned 15 March 2023)	FY22	220	–	2	4	226

Share Options

Options Issued at IPO

Certain directors were issued share options in the Company at the time of the Company's IPO on AIM in May 2021. The options were issued at fair market value with the exercise price being equivalent to the price at which the new shares were placed with investors at the time of the Company's IPO on AIM. Following a period of challenging trading conditions and financial underperformance, the Remuneration Committee and Board were of the view that the options issued at IPO no longer met the principles of its remuneration strategy, namely, alignment with shareholders, and incentivisation and retention of employees and have therefore cancelled the options granted at IPO.

Name	Date of Grant	Date of Cancellation	Number	Exercise Price (£)
Michael Kelly	24 May 2021	3 November 2023	54,945	2.73
Charlotte Stranner	24 May 2021	3 November 2023	175,824	2.73

Following the cancellation, the Group introduced new option plans. In order to promote alignment and protect shareholder dilution, the Remuneration Committee and Board sought to introduce areas of compromise, including a reduction in quantum of options granted to individuals, and a principle that until financial performance recovers to IPO levels, there is no reward to participants. One director was issued options under the new option plans as follows:

Name	Date of Grant	Number	Exercise Price (£)
Charlotte Stranner	3 November 2024	131,868	0.50

Michael Kelly, who previously held options, declined to be granted new options under the new option plans and as such no longer holds any options. There are no other options issued to Directors, either vested or unvested outstanding from previous periods.

Directors' Interests

The interests of the Directors in the shares of the Company as at 31 December 2023 and 31 December 2022 were as follows:

	FY23		FY22	
Shareholder	Number of ordinary shares held	%	Number of ordinary shares held	%
Rupert Hodson[1]	2,820,512	9.4%	2,820,512	9.4%
Michael Kelly	294,432	1.0%	294,432	1.0%
Charlotte Stranner	20,000	0.1%	20,000	0.1%
Laura Shesgreen	–	–	–	–
Paul Gibson	–	–	–	–
Matthew Singh	–	–	–	–

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

Paul Gibson
Chair of the Remuneration Committee
30 April 2024

Directors and Corporate Information

Directors

Michael Kelly
Independent Non-Executive Chairman

Rupert Hodson
Chief Executive Officer

Charlotte Stranner
Chief Financial Officer

Laura Shesgreen
Independent Non-Executive Director

Paul Gibson
Independent Non-Executive Director

Matthew Singh
Non-Executive Director

Corporate

Company Secretary
SGH Company Secretaries Limited

Company Registered Number
Registered in England Number: 04513809

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

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

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

Auditor
BDO LLP, 55 Baker Street, London W1U 7EU

Nominated Advisor and Broker
Panmure Gordon (UK) Limited, 40 Gracechurch St, London EC3V 0BT

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

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

Directors' Report

The Directors present their Annual Report together with the audited financial statements of Dianomi plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023. The Group has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which is set out on pages 4 to 17 which otherwise would be required to be disclosed in this Directors' Report.

Results and Dividends

The results for the year ended 31st December 2023 are set out in the Group Statement of Comprehensive Income. Revenue for the year was down compared to the previous year at £30.2 million (2022: £35.9 million). The financial position of the Group and Company is set out in the Group and Company Statements of Financial Position. Future developments are set out in the CEO's Report.

The Directors do not recommend a dividend at 31 December 2023 (31 December 2022: £nil).

Principal Activity

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

Directors

Details of Directors who served during the year and biographies for Directors currently in office can be found on pages 16 and 17. Details of the Directors' remuneration, share options, service agreements and interests in the Company's shares are provided in the Directors' Remuneration Report on pages 26 to 28.

Directors' indemnity

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

Going Concern

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

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

Significant Shareholdings

The Company has been notified that at close of business on 30 April 2024 the following parties were interested in 3% or more of the Company's Ordinary share capital:

Shareholder	Number of Ordinary shares held	% held
BGF Nominees Limited (a/c BGF)	4,461,620	14.9%
Hargreave Hale Limited	3,868,132	12.9%
Raphael Queisser[1]	3,632,134	12.1%
TB Amati UK Smaller Companies Fund	2,973,626	9.9%
Rupert Hodson[2]	2,820,512	9.4%
Cabell de Marcellus	2,789,572	9.3%
Scobie Dickinson Ward	1,990,395	6.6%
Chelverton Asset Management	1,904,762	6.3%

[1] Includes shares held by Raphael Queisser connected parties.

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

Equal opportunities

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

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

Health and safety

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

Political donations

During the year, the Group made no political donations (2022: £nil).

Charitable donations

During the year ended 31 December 2023, the Group made charitable donations amounting to £0.2k (2022: £21k).

Post Balance Sheet Events

There have been no significant events between the balance sheet date and the date of approval of these accounts.

Financial instruments

Information on the Group's financial risk management objectives, policies and activities and on the Group's exposure to relevant risks in respect of financial instruments is set out in note 20 and 21.

Annual General Meeting

The AGM of the Company will be held on 31 May 2024. A notice of the Annual General Meeting will be sent out to shareholders separately to this Annual Report and Accounts.

Disclosure of Information to the Auditor

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

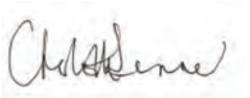
- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's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

Auditor

The Board appointed BDO LLP to act as Auditor for the year ended 31 December 2023. A resolution to reappoint BDO LLP as Auditor of the Company and to authorise the Board to fix their remuneration will be proposed at the forthcoming AGM.

Share Capital

As at 31 December 2023, the share capital of the Company comprises ordinary shares of 0.002p each. Each share carries the right to one vote at general meetings of the Company. The issued share capital of the Company, together with movements in the Company's issued share capital is shown in note 23 to the Financial Statements. Ordinary shareholders are entitled to receive notice and to attend and speak at general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representatives) has, on a show of hands, one vote. On a poll, each shareholder present in person or by proxy has one vote.



Charlotte Stranner
Chief Financial Officer
30 April 2024

Statement of Directors' Responsibilities

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

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

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

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

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

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

Website publication

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

Financial Statements

Where digital advertising speaks louder

Independent auditor's report to the members of Dianomi plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Dianomi plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- Analysing director's assessment of going concern through analysis of the Group's cash flow forecast and other projections through to 31 December 2025. This included assessing and challenging assumptions made in relation to revenues, associated cash flows and expenses and any other cash related assumptions made through discussions with directors, completion of lookback procedures to review accuracy of historic forecasts and comparison against post year-end results to date.
- Performing sensitivity analyses, and reviewing the directors' reverse stress testing analysis, to consider cash flow changes if the revenue forecasts were not achieved and the resulting impact on going concern.
- Considering whether any post-balance sheet events have occurred, which may impact going concern.
- Assessing the adequacy of the disclosures in the financial statements in reference to the requirements of the financial reporting framework and our knowledge of the business.

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

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

Overview

Coverage	*97% (2022: 97%) of Group revenue* *94% (2022: 91%) of Group profit before tax* *95% (2022: 96%) of Group total assets*
Key audit matters	**2023** **2022** Revenue recognition √ √
Materiality	*Group financial statements as a whole* £452,000 (based on 1.5% of revenue) (2022: £457,000 based on 1.5% of revenue)

An overview of the scope of our audit

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

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

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

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition (Note 2.4.1)	Improper revenue recognition is a presumed fraud risk under ISA 240. This risk is not rebutted for the group. The group's core revenue stream is advertising revenue which is recognised at a point in time (i.e. when an ad is clicked). There is an inherent risk around incentive, opportunity, and pressure on management to manipulate revenue to meet its targets/KPIs. We note the nature of the Group's revenue is driven based on a per-click basis initiated by an individual clicking the advertisement (the customer) on the publisher's (the supplier) website.	Our procedures included the following: • Assessed whether the revenue recognition policies adopted are complaint with the requirements of IFRS; • Performed detailed analysis by reviewing revenue and gross profit margin trend, highlighting completeness of revenue – we enquired and obtained appropriate supporting evidence for areas with unusual results identified. • Performed substantive analytical review by completing a revenue to cash predictive analysis.

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

Key audit matter		How the scope of our audit addressed the key audit matter
	In line with the entity's revenue recognition process, clicks are downloaded from Exedra (the company's developed platform) on a periodic basis and are used to generate an invoice and subsequent recognition of revenue. A risk exists that recorded revenue may not be in line with information downloaded from the clicks. This is more likely as there is a manual intervention between the recording of revenue in the General Ledger and Exedra extraction, hence revenue that hasn't been earned/occurred may be recorded in the General ledger. Given the volume of transactions and the significance of revenue in the context of the financial statements and the audit, we considered this to be a key audit matter.	• Our audit procedures have involved discussion, assessment, recalculation of recorded revenue. Our Technology Risk Assurance team has recalculated recorded revenue using invoice data/information generated from the Exedra platform to confirm the revenue has been earned and recorded accurately. • Performed appropriate tests on the Information Provided from the Entity (IPE) on the data from Exedra by agreeing invoices to bank receipts. • Verified the terms and conditions of contracts agreed by advertisers. • Performed cut-off testing to confirm that revenue has been recorded in the appropriate period by reference to the invoice date and the date that the performance obligations were satisfied, per the sales reports. **Key observations:** We consider revenue has been appropriately measured and recognised in terms of underlying contracts with customers.

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	2023 £	2022 £	2023 £	2022 £
Materiality	452,000	547,000	72,000	98,000
Basis for determining materiality	1.5% of group revenue	1.5% of group revenue	1.5% of parent company revenue	1.5% of parent company revenue
Rationale for the benchmark applied	Revenue has been determined to be the most relevant performance measure to the user of the financial statements given the Group's current focus on revenue growth.	Revenue has been determined to be the most relevant performance measure to the user of the financial statements given the Group's current focus on revenue growth.	Revenue has been determined to be the most relevant performance measure to the user of the financial statements given the Parent Company's current focus on revenue growth.	Revenue has been determined to be the most relevant performance measure to the user of the financial statements given the Parent Company's current focus on revenue growth.
Performance materiality (£)	339,000	410,000	54,000	73,000
Basis for determining performance materiality	75% of group materiality.	75% of group materiality.	75% of Parent Company materiality.	75% of parent company materiality.
Rationale for the percentage applied for performance materiality	We set performance materiality at 75% based on our expectation of level of misstatement and managements attitude towards risks and adjustments.	We set performance materiality at 75% based on our expectation of level of misstatement and managements attitude towards risks and adjustments.	We set performance materiality at 75% based on our expectation of level of misstatement and managements attitude towards risks and adjustments.	We set performance materiality at 75% based on our expectation of level of misstatement and managements attitude towards risks and adjustments.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group based on a percentage of between 20% and 95% (2022: 20% and 95%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £54,000 to £323,000 (2022: £98,000 to £520,000). In the audit of each component, we further applied performance materiality levels of 75% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £22,000 (2022: £27,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

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

whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

We obtained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates through discussion with management, and the Audit Committee, and our knowledge of the industry. We focused on significant laws and regulations that could give rise to material misstatement in the financial statements, including the Companies Act 2006, UK Listing Rules, the applicable accounting frameworks, Corporate tax and Health and Safety legislation, Bribery Act 2010 and General data protection regulation.

Our procedures in respect of the above have included:

- A review of minutes of meetings held by those charged with governance for any instances of non-compliance with laws and regulations.
- Holding discussions with management and those charged with governance; reviewing minutes of meetings between the Board of Directors and the Audit Committee to identify any known or suspected instances of non-compliance with laws and regulations.
- Involvement of corporate tax specialists in the audit to assess compliance with relevant tax legislation.
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. We determined the fraud risk areas to be management override of controls and revenue recognition (Existence and Accuracy). Our risk assessment procedures included:

- Enquiries with management and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Evaluating and where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates;
- Testing a sample of journal entries throughout the year which met a defined risk criteria and by agreeing to supporting documentation; and
- In respect of the risk of fraud in revenue recognition, we have performed the procedures as set out in the key audit matters section of our report.

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

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

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

Use of our report

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

P. Smithson

Peter Smithson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, BDO
Date: 30 April, 2024

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

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 Dec 2023 £000	Year ended 31 Dec 2022 £000
Revenue	4	30,154	35,915
Cost of sales		(22,702)	(26,127)
Gross profit		**7,452**	**9,788**
Administrative expenses	7	(8,329)	(8,981)
Other gains and losses		–	136
Reorganisation costs	3&8	(1,054)	–
Other income	6	–	167
Operating (loss)/profit		**(1,931)**	**1,110**
Depreciation	14	213	107
Share-based payments	24	312	526
Reorganisation costs	3&8	1,054	–
Other income	6	–	(167)
Adjusted EBITDA		**(352)**	**1,576**
Finance income	10	115	41
Finance expense	10	(3)	(4)
(Loss)/profit on ordinary activities before taxation		**(1,819)**	**1,147**
Taxation	11	(1,097)	(662)
(Loss)/profit for the year		**(2,916)**	**485**
Other comprehensive (loss)/income items that may be reclassified subsequently to profit or loss			
Currency translation differences		(600)	651
Total comprehensive (loss)/income for the year attributable to the owners of the company		**(3,516)**	**1,136**
Basic (loss)/earnings per ordinary share (p)	13	(9.71)	1.62
Diluted (loss)/earnings per ordinary share (p)	13	(9.71)	1.46

All operations are continuing operations.

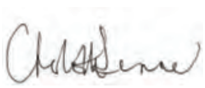
The notes on pages 44 to 60 form part of the financial statements.

Consolidated Statement of Financial Position

	Note	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Non-current assets			
Right-of-use asset	14	–	213
Total non-current assets		**–**	**213**
Current assets			
Trade and other receivables	16	8,339	7,874
Deferred tax asset	12	–	675
Corporation tax receivable		145	–
Cash and cash equivalents	17	7,740	11,663
Total current assets		**16,224**	**20,212**
Total assets		**16,224**	**20,425**
Current liabilities			
Trade and other payables	18	(7,641)	(8,048)
Corporation tax payable		–	(371)
Lease liabilities	19	–	(219)
Total current liabilities		**(7,641)**	**(8,638)**
Total liabilities		**(7,641)**	**(8,638)**
Net assets		**8,583**	**11,787**
Equity			
Share capital	23	60	60
Share premium account		5,436	5,436
Share options reserve		3,692	3,380
Foreign currency reserve		(461)	139
Retained (losses)/earnings		(144)	2,772
Total equity attributable to the owners of the company		**8,583**	**11,787**

The financial statements of Dianomi plc (Company number 04513809) were approved by the Board of Directors and authorised for issue on 30 April 2024.

They were signed on its behalf by:



Charlotte Stranner, Chief Financial Officer
30 April 2024

The notes on pages 44 to 60 form part of the financial statements.

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company					
	Share capital £000	Share premium account £000	Share options reserve £000	Foreign currency reserve £000	Retained earnings/ (losses) £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	–	–	–	–	(2,916)	(2,916)
Currency translation differences	–	–	–	(600)	–	(600)
Total comprehensive loss for the period	**–**	**–**	**–**	**(600)**	**(2,916)**	**(3,516)**
Transactions with owners of the Company						
Share-based payment credit	–	–	312	–	–	312
Total transactions with owners of the Company	**–**	**–**	**312**	**–**	**–**	**312**
Balance at 31 December 2023	**60**	**5,436**	**3,692**	**(461)**	**(144)**	**8,583**

	Attributable to the owners of the Company					
	Share capital £000	Share premium account £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	–	–	–	–	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**

The notes on pages 44 to 60 form part of the financial statements.

Consolidated Statement of Cash Flows

	Year ended 31 Dec 2023 £000	Year ended 31 Dec 2022 £000
Cash flows from operating activities		
(Loss)/profit on ordinary activities before taxation	(1,819)	1,147
Adjustments for:		
Depreciation – leased assets	213	107
Interest payable	3	4
Interest receivable	(115)	(41)
Increase in trade and other receivables	(465)	(478)
(Decrease)/increase in trade and other payables	(407)	185
Other cost/(income)	33	(167)
Share-based payment charge	312	526
Cash (used in)/generated from operating activities	**(2,245)**	**1,283**
Taxation paid	(907)	(269)
Net cash (used in)/generated from operating activities	**(3,152)**	**1,014**
Cash flows from investing activity		
Interest received	115	41
Net cash generated from investing activity	**115**	**41**
Cash flows from financing activities		
Interest paid in respect of leases	(3)	(4)
Capital payments in respect of leases	(219)	(106)
Net cash used in financing activities	**(222)**	**(110)**
Net (decrease)/increase in cash and cash equivalents	**(3,259)**	**945**
Cash and cash equivalents at beginning of period	11,663	10,278
Exchange movement on cash	(664)	440
Cash and cash equivalents at end of period	**7,740**	**11,663**

The notes on pages 44 to 60 form part of the financial statements.

Notes to the Financial Statements

1. General information

Dianomi plc (the "Company") and its subsidiaries' (together the "Group") principal activity is the delivery of premium native advertising for the financial services, technology, corporate and 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 material accounting policies

2.1. Basis of preparation

The financial statements for the year ended 31 December 2023 have been prepared in accordance with the historical cost convention and with international accounting standards in conformity with the requirements of the Companies Act 2006 and with UK adopted International Financial Reporting International Financial Reporting Standards (IFRSs).

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

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

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

2.2. 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, being Dianomi Inc. and Dianomi Pty Ltd. 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.

2.3. 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 2023 the Company had cash and cash equivalents of £7.7 million (2022: £11.7 million) and net assets of £8.6 million (2022: £11.8 million). The Group has no debt outstanding or facilities in place (2022: £nil).

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 such as the loss of a major publisher, margin erosion or no new business 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.

2.4. Material accounting policies

2.4.1. 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), cost per click (CPC) or cost per 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 payment terms vary between 30 to 120 days of receipt of invoice dependent on advertiser.

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.

2.4.2. 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.

In limited instances, the Company incurs costs with publishers based on a guaranteed minimum rate of payment from the Company in exchange for guaranteed placement of the Company's promoted recommendations on specified portions of the publisher's online properties. These guaranteed rates are typically either a minimum monthly payment or a minimum CPM and are recognised as an expense as incurred.

2.4.3. 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.

The Group's US subsidiary does not charge US sales tax on its services as it provides non-taxable services.

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.

2.4.4. 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.

2.4.5. 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.

2.4.6. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

2.4.7. Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not a fair value through profit

Notes to the Financial Statements continued

and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on the trade date when the Group is no longer a party to the contractual provisions of the instrument.

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

a) Trade and other receivables and trade and other payables

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

b) Contract liabilities

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

c) Interest-bearing borrowings

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

d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

e) Derivative financial instruments

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

2.4.8. 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 was 3.0 per cent. in the periods under review. 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.

2.4.9. 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.

2.4.10. 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.

2.4.11. Reorganisation 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 this category are the costs relating the reorganisation which took place in 2023.

Reorganisation costs 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.

2.4.12. 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. If a modification results in a reduction in the number of options granted, then this results in an acceleration of the vesting period and therefore any amount unrecognised that would otherwise have been charged is charged to profit or loss immediately.

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

Notes to the Financial Statements continued

2.5. Standards issued but not yet effective

The IASB and IFRIC have issued the following relevant standards and interpretations with effective dates as noted below:

Standard	Key Requirements	Effective date (for annual periods beginning on or after)
Amendments to IAS 1 Presentation of Liabilities as Current or Non-current	The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendments to IAS 1 Non-Current Liabilities with Covenants	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	The amendments clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.	1 January 2025

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.

2.6. 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 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, other, non-recurring income and non-recurring exceptional costs. Adjusted EPS excludes from profit after tax share-based payment charges, other, non-recurring income and non-recurring exceptional items and their related tax impacts. Please refer to note 8 for reconciliations to Alternative Performance Measures ("APMs").

3. Judgements and key sources of estimation uncertainty

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

Estimations:

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

Judgements:

- *Deferred tax:* the extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties.
- *Going concern:* The financial statements have been prepared on the going concern basis based on a judgement by the Directors that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future, being a period of at least 18 months from the date of signing these financial statements. In this context, the Directors have prepared detailed

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

- *Treatment of costs incurred in relation to the reorganisation:* The Group has recorded significant one-off costs in respect of the reorganisation undertaken in the year ended 31 December 2023 including consultancy, legal and employee settlement costs. The Directors reviewed the reasonableness and inclusion of these items in operating adjusted items and the disclosures in the Annual Report.

4. Revenue

Revenue arises from:

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
EMEA	4,811	6,591
United States of America	24,428	28,317
APAC	915	1,007
	30,154	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 8.

6. Other income

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
Other income	–	167

Other income in the year ended 31 December 2022 related to a tax refund as a result of an R&D tax credit.

7. Administrative expenses

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
Direct staff costs	4,476	5,167
IT and software costs	1,511	1,273
Legal and professional	734	754
Rent	146	239
Insurance	268	186
Depreciation – leased assets	213	107
Foreign exchange (gains)/losses	(39)	33
Share-based payments	312	526
Other administrative expenses	708	696
	8,329	8,981

Notes to the Financial Statements continued

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

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
Audit fees	128	118
Other services:		
Tax compliance	10	19
Agreed upon procedures on interim results	17	15
	155	152

8. Reconciliations to alternative profit measures

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

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
(Loss)/profit before tax	**(1,819)**	**1,147**
Adjusting items:		
Reorganisation costs	1,054	–
Share-based payments	312	526
Other income	–	(167)
Adjusted (loss)/profit before tax	**(453)**	**1,506**
Depreciation	213	107
Net finance income	(112)	(37)
Adjusted EBITDA	**(352)**	**1,576**

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

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
Adjusted (loss)/profit before tax	**(453)**	**1,506**
Tax expense	(1,097)	(662)
Derecognition of deferred tax asset	675	
Tax impact of adjusting items	(55)	(68)
Adjusted (loss)/profit after tax	**(930)**	**776**

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

9. Employee information

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

	Year to 31 Dec 2023 Number	Year to 31 Dec 2022 Number
Directors	6	7
Employees	36	39
	42	46

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

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
Wages and salaries	3,965	4,537
Social security costs	464	569
Pension costs	47	61
Share-based payment expense	312	526
	4,788	5,693

A defined contribution pension scheme is operated by a third party and the Group pays contributions on behalf of the employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund. Contributions amounting to £nil were payable to the fund at the end of 2023 (2022: £nil).

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

	FY23				
Name	**Salary £'000s**	**Notice and Termination Payment £'000s**	**Benefits £'000s**	**Pension £'000s**	**Total £'000s**
Rupert Hodson	190	–	11	2	203
Charlotte Stranner	180	–	–	1	181
Raphael Queisser[1]	37	221	2	1	261
Robert Cabell de Marcellus[1]	37	225	–	1	263
Total	**444**	**446**	**13**	**5**	**908**

	FY22				
Name	**Salary £'000s**	**Bonus/ Commission £'000s**	**Benefits £'000s**	**Pension £'000s**	**Total £'000s**
Rupert Hodson	220	–	11	2	233
Charlotte Stranner	180	–	–	1	181
Raphael Queisser[1]	220	–	7	3	230
Robert Cabell de Marcellus[1]	220	–	2	4	226
Total	**840**	**–**	**20**	**10**	**870**

[1] *Raphael Queisser and Robert Cabell de Marcellus stepped down from the board and from their positions as COO and CTO respectively on 15 March 2023.*

The highest paid director received remuneration of £203k (2022: £233k). No share options were exercised by the directors in the year (2022: nil).

Notes to the Financial Statements continued

10. Finance income and expense

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
Interest received	115	41
Total finance income	115	41
On lease liability	3	4
Total finance expense	3	4

11. Taxation

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
UK corporation tax		
Current tax on (loss)/profit for the year	–	–
Adjustments in respect of prior periods	–	–
	–	–
Foreign tax		
Foreign tax on (loss)/profit for the year	422	662
Total current tax	422	662
Deferred tax		
Origination and reversal of timing differences	675	–
Total deferred tax	675	–
Taxation on (loss)/profit on ordinary activities	1,097	662

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 23.52%[1] (2022: 19%).

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
(Loss)/profit on ordinary activities before taxation	(1,819)	1,147
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52%[1] (2022: 19%)	(428)	218
Effects of:		
Expenses not deductible for tax purposes	127	16
Foreign tax	–	321
Difference in tax rates	(38)	–
Deferred tax not recognised	1,436	107
Tax on (loss)/profit	1,097	662

[1] *the standard rate of corporation tax in the UK increased from 19% to 25% in April 2023 hence a blended rate of 23.52% has been used for 2023.*

A total of £946k was paid during the year with respect to US tax relating to both 2022 and 2023 (2022: £436k), offset by a net credit received in relation to Australian tax of £35k (2022: £nil) and a UK corporation tax credit of £4k respectively (2022: credit of £167k).

12. Deferred tax

Deferred tax asset

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Tax losses	–	675

The Company has an unrecognised deferred tax asset of £2,763k calculated at 25% (gross £11,055k) (FY22: 25%, gross amount £5,748k) in respect of losses carried forward to future years. Given the uncertainty of the timing as to when the losses will be utilised the Directors have decided to take a cautious approach and derecognise the deferred tax asset brought forward.

13. Earnings per share

The Group presents non-adjusted and adjusted basic and diluted (loss)/earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the (loss)/profit 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 (loss)/profit and weighted average number of shares used in the calculations are set out below:

	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £000
(Loss)/profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted EPS	(2,916)	485
Basic (loss)/earnings per ordinary share (p)	(9.71)	1.62
Diluted (loss)/earnings per ordinary share (p)	(9.71)	1.46

Adjusted basic and diluted EPS	Year to 31 Dec 2023 £000	Year to 31 Dec 2022 £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	(2,916)	485
Adjusting items:		
Share-based payments	312	526
Reorganisation costs	1,054	–
Other income	–	(167)
Derecognition of deferred tax asset	675	–
Tax impact of adjusting items	(55)	(68)
(Loss)/profit attributable to the ordinary equity holders of the Group used in calculating adjusted basic and diluted EPS	(930)	776
Adjusted basic (loss)/earnings per ordinary share (p)	(3.10)	2.58
Adjusted diluted (loss)/earnings per ordinary share (p)	(3.10)	2.34

Notes to the Financial Statements continued

	Year to 31 Dec 2023	Year to 31 Dec 2022
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted basic EPS	30,027,971	30,027,971
Weighted average share option dilution impact	1,642,490	3,184,268
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted diluted EPS	31,670,461	33,212,239

14. Right-of-use assets

	Leased property £000
Cost	
At 1 January 2022	257
Additions	320
At 31 December 2022	577
At 1 January 2023	577
Additions	–
At 31 December 2023	577
Depreciation	
At 1 January 2022	257
Depreciation charge	107
At 31 December 2022	364
At 1 January 2023	364
Depreciation charge	213
At 31 December 2023	577
Net book value	
At 31 December 2022	213
At 31 December 2023	–

In 2022 the Company entered into an 18-month lease for its serviced office premises in London. The total payments due under the term of the lease amounted to £0.3 million. Lease liabilities in respect of right-of-use assets were nil as at 31 December 2023 (2022: £0.2 million). The discount rate used in determining the present value of the lease liability was 3%. The interest expense recognised in the statement of comprehensive income for the year ended 31 December 2023 was £3k (2022: £4k). In December 2023 the Company entered into a new 12-month lease agreement for its serviced office premises in London which commenced 1 January 2024.

15. Subsidiaries

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

Subsidiary undertakings	Country of incorporation	Principal activity	At 31 Dec 2023	At 31 Dec 2022
Dianomi Inc	United States	Business support services	100%	100%
Dianomi PTY	Australia	Business support services	100%	100%

The registered office of Dianomi Inc is Corporate Service Bureau Inc., 28 Old Rudnick Lane, Dover, Delaware,19901. The registered office of Dianomi PTY is ALM Williams Partners, Level 2, 570 St Kilda Road, Melbourne, VIC 3004.

16. Trade and other receivables

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Current		
Trade receivables	8,081	7,488
Prepayments	145	116
Loan receivable	5	52
Other receivables	108	218
	8,339	7,874

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 21.

The impairment loss recognised in the income statement for the period in respect of bad and doubtful trade receivables was £35k (2022: £52k).

The ageing of trade receivables is detailed below:

As at 31 December 2023

	< 30 days £000	< 60 days £000	< 90 days £000	< 180 days £000	> 180 days £000	Total £000
Gross carrying amount	3,316	2,312	1,047	797	609	8,081

As at 31 December 2022

	< 30 days £000	< 60 days £000	< 90 days £000	< 180 days £000	> 180 days £000	Total £000
Gross carrying amount	3,626	1,743	814	456	849	7,488

17. Cash and cash equivalents

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Cash at bank and in hand	7,740	11,663

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

18. Trade and other payables

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Current liabilities		
Trade payables	4,221	3,035
Other taxes and social security costs	37	116
Contract liabilities	–	104
Other payables and accruals	3,383	4,793
	7,641	8,048

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.

Notes to the Financial Statements continued

19. Lease liabilities

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Current liabilities		
Lease liabilities	–	219
	–	219

The Group leases an office building in London for use by its staff. The discount rate used in determining the present value of lease liabilities was the Group's incremental borrowing rate of 3%. The interest expense recognised in the consolidated statement of comprehensive income for the year ended 31 December 2023 was £3k (2022: £4k). Payments of £222k (2022: £106k) in respect of rental payments paying down lease liabilities have been recognised in the consolidated statement of cash flows. In December 2023 the Company entered into a new 12-month lease agreement for its serviced office premises in London which commenced 1 January 2024.

The office leases in the US and Australia are considered short term as the lease terms are 12 months or less. The total amount recorded in the consolidated statement of comprehensive income in respect of short-term leases is £145k (2022: £239k). Remaining commitments on short term leases are recorded below.

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Within one year	29	27
	29	27

20. Financial instruments

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

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Financial assets		
Financial assets measured at amortised cost:		
Cash at bank and in hand	7,740	11,663
Trade receivables	8,081	7,488
Loan receivable	5	52
Other receivables	108	218
	15,934	19,421
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	4,221	3,035
Other payables and accruals	3,383	4,793
	7,604	7,828

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 £nil (2022: gain of £nil).

21. 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 2023 £000	As at 31 Dec 2022 £000
Trade receivables	8,081	7,488
Other receivables	258	386
	8,339	7,874

Credit risk is the risk of financial risk to the Group and Company if a counter party to a financial instrument fails to meet 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 the Chief Financial Officer. Any debtors over 60 days are individually reviewed by the Chief Financial Officer every month and explanations sought for any balances that have not been recovered. A summary of significant trade and other receivables is provided to the Directors on a monthly basis and any issues are brought to their attention.

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 analyse 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:

	As at 31 Dec 2023		As at 31 Dec 2022	
	Less than 6 months representing total contractual cashflows £000	Carrying amount of liabilities £000	Less than 6 months representing total contractual cashflows £000	Carrying amount of Liabilities £000
Trade and other payables	7,641	7,641	8,048	8,048
Total	7,641	7,641	8,048	8,048

Interest rate risk

As at 31 December 2023 and 2022 the Group has no interest rate risk exposure as the Group had no debt outstanding.

Notes to the Financial Statements continued

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 2023 CU000's				
	USD	**CAD**	**EUR**	**AUD**	**SGD**
Cash & cash equivalents	8,399	355	41	968	364

	As at 31 Dec 2022 CU000s				
	USD	**CAD**	**EUR**	**AUD**	**SGD**
Cash & cash equivalents	11,017	1,170	249	825	265

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 2023 £000	**As at 31 Dec 2022 £000**
10% weakening of functional currency	100	193
10% strengthening of functional currency	(82)	(160)

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 £8.6 million as at 31 December 2023 (2022: £11.8 million).

The Group has no debt facilities in place as at 31 December 2023 (2022: £nil). Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure. 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.

22. Related party disclosures

Transactions with BGF are disclosed below:

	Year ended 31 Dec 2023 £000	**Year ended 31 Dec 2022 £000**
Annual fee	50	50

The amount due to BGF as at 31 December 2023 is £nil (2022: £77k). The annual fee relates specifically to Matthew Singh's (a representative of BGF) services as a Non-Executive Director.

The Group received revenues of £29k (2022: £45k) from Buckingham Gate Financial Services Limited, a company that is controlled by shareholders of the Company. As at 31 December 2023 there were trade receivables from Buckingham Gate Financial Services Limited of £3k (31 December 2022: £4k). The Group also has a loan receivable from Buckingham Gate Financial Services Limited of £5k as at 31 December 2023 (31 December 2022: £52k), details of which are set out in note 16. Interest receivable of £1k accrued in the year ended 31 December 2023 (2022: £3k).

23. Share capital

Ordinary Shares

	Issued Shares Number	Nominal Value £	Issued Amount £
As at 31 December 2022, 1 January 2023 and 31 December 2023	30,027,971	0.002	60,056

24. Share-based payments

At the time of the Company's IPO in May 2021, the Dianomi introduced share option schemes (the "IPO Option Schemes") in order to retain, incentivise and align employees with shareholders. Under the IPO Option Schemes employees were granted share options with an exercise price equal to the IPO price (or for those granted post IPO equal to the then current share price), a vesting period of 3 years and a non-market performance condition.

During the current financial year, it became clear that the performance condition for those options granted at IPO was not going to be met and for those options granted in 2022 under the same scheme it was unlikely to be met.

Therefore, it was decided that employees who were granted options in 2021 and 2022 would be given the option to have their original options cancelled (the "Cancellation"), and replacement option schemes (the "Replacement Option Schemes") would be introduced under which employees would be issued with new options with a revised performance condition, exercise price and extended vesting period but at a lower number than those originally issued.

315,950 options lapsed before the Cancellation due to employees leaving the Group as part of the reorganisation.

242,424 options were granted in April 2023 under the IPO Option Schemes with an exercise price of 82.5 pence were not cancelled.

1,405,601 options which were granted under the IPO Option Schemes were cancelled in November 2023. Simultaneously, 1,177,593 new options were issued under the Replacement Option Schemes.

	Weighted average exercise price (pence) Dec 23	Number Dec 23	Weighted average exercise price (pence) Dec 22	Number Dec 22
Outstanding at the beginning of the period	278	1,721,551	273	1,594,387
Granted during the period	55	1,420,017	335	134,627
Lapsed/cancelled during the period	278	(1,721,551)	335	(7,463)
Outstanding at the end of the period	55	1,420,017	278	1,721,551

Of the total number of options outstanding at the end of the period, nil had vested and were exercisable at the end of the year (31 Dec 22: Nil).

The Black-Scholes option pricing model was used to value the equity-settled 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:

	Options granted under IPO Option Schemes
Weighted average share price at grant date (£)	2.78
Weighted average exercise price (£)	2.78
Volatility (%)	44.00%
Weighted average vesting period (years)	3
Risk free rate (%)	3.482%
Expected dividend yield (%)	–

Notes to the Financial Statements continued

	Options granted under Replacement Option Schemes
Weighted average share price at grant date (£)	48
Weighted average exercise price (£)	50
Volatility (%)	52.91%
Weighted average vesting period (years)	3
Risk free rate (%)	3.595%
Expected dividend yield (%)	–

The share-based remuneration expense comprises:

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Equity-settled schemes	312	526

25. 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.

26. Ultimate controlling party

There is no ultimate controlling party as at 31 December 2023 nor was there as at 31 December 2022.

27. Contingent liabilities and contingent assets

The Group had no contingent liabilities or contingent assets at 31 December 2023 (31 December 2022: £nil).

28. Capital Commitments

The Group's capital commitments at 31 December 2023 are £nil (31 December 2022: £nil).

Company Financial Statements

Company Statement of Financial Position

	Note	As at 31 Dec 2023 £000	As at 31 Dec 2022 As restated (see Note 3) £000
Non-current assets			
Investments	5	7	7
Right-of-use asset		–	213
Total non-current assets		**7**	**220**
Current assets			
Trade and other receivables	3&7	4,513	3,680
Deferred tax asset	8	–	675
Cash and cash equivalents		550	4,178
Total current assets		**5,063**	**8,533**
Total assets		**5,070**	**8,753**
Current liabilities			
Trade and other payables	9	(2,405)	(2,374)
Corporation tax payable		(6)	(2)
Lease liability		–	(219)
Total current liabilities		**(2,411)**	**(2,595)**
Total liabilities		**(2,411)**	**(2,595)**
Net assets		**2,659**	**6,158**
Equity			
Share capital	10	60	60
Share premium account		5,436	5,436
Share options reserve		3,664	3,380
Retained losses	3	(6,501)	(2,718)
Total equity attributable to the owners of the company		**2,659**	**6,158**

As permitted by section 408 of the Companies Act 2006, a separate statement of comprehensive income of the Company has not been presented. The Company's loss for the year was £3,783k (2022: loss of £611k (as restated – see Note 3)).

Company Statement of Changes in Equity

	Attributable to the owners of the Company					
	Share capital £000	Share premium account £000	Capital redemption reserve £000	Share options reserve £000	Retained losses £000	Total equity £000
Balance at 1 January 2023	**60**	**5,436**	**–**	**3,380**	**(2,718)**	**6,158**
Comprehensive income for the period						
Loss for the period	–	–	–	–	(3,783)	(3,783)
Transactions with owners of the Company						
Share-based payment credit	–	–	–	284	–	284
Balance at 31 December 2023	**60**	**5,436**	**–**	**3,664**	**(6,501)**	**2,659**

	Attributable to the owners of the Company					
	Share capital £000	Share premium account £000	Capital redemption reserve £000	Share options reserve £000	Retained losses (as restated – see Note 3) £000	Total equity £000
Balance at 1 January 2022	**60**	**5,436**	**–**	**2,854**	**(2,107)**	**6,243**
Comprehensive income for the period						
Loss for the period (as restated – see Note 3)	–	–	–	–	(611)	(611)
Transactions with owners of the Company						
Share-based payment credit	–	–	–	526	–	526
Balance at 31 December 2022 (as restated)	**60**	**5,436**	**–**	**3,380**	**(2,718)**	**6,158**

Notes to the Company Financial Statements

1. Basis of preparation

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

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

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

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

2. Accounting Policies

The following are key accounting policies for the Company:

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

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

- *Investments*

  Investments are stated at their cost less impairment losses.

- *Intercompany*

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

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

3. Prior year restatement

In the Company Financial Statements for the year ended 31 December 2022 there were two journal entries which were duplicated and simultaneously posted to the incorrect line items. One related to cost of sale invoices which had been paid by the Company but related to the Company's US subsidiary, Dianomi Inc. This amounted to £639k and was debited to the statement of income instead of the cost of sale accrual in the statement of financial position. The other related to a reversal of deferred income which had not been paid at the year end and was credited to the statement of income instead of debiting deferred income in the statement of financial position. This amounted to £69k. As a result, the Company's net assets and equity were understated and its loss for the year was overstated. Therefore, the Company statement of financial position as at 31 December 2022 has been restated as follows:

	As reported 2022 £000	Impact of restatement 2022 £000	Restated 2022 £000
Trade receivables	1,296	(69)	1,227
Amounts owed by group undertakings	1,518	639	2,157
	2,814	**570**	**3,384**
Retained losses	(3,288)	570	(2,718)

Notes to the Company Financial Statements continued

Furthermore, the loss for the Company for the year ended 31 December 2022 has been restated as follows:

	As reported 2022 £000	Impact of restatement 2022 £000	Restated 2022 £000
Loss for the period	(1,181)	570	(611)

The restatement does not affect the Consolidated Statement of Financial Position or Consolidated Statement of Comprehensive Income.

4. Standards issued but not yet effective

The new standards and amendments which have not yet been adopted are disclosed in note 2.5 to the consolidated financial statements.

5. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2022	7
At 31 December 2023	7
Net book value	
At 31 December 2023	7
At 31 December 2022	7

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

6. Cash and cash equivalents

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Cash at bank and in hand	550	4,178

7. Trade and other receivables

	As at 31 Dec 2023 £000	As at 31 Dec 2022 As restated – see Note 3 £000
Trade receivables	1,876	1,227
Prepayments	65	59
Amounts owed by group undertakings	2,522	2,157
Other receivables	50	237
	4,513	3,680

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

8. Deferred tax asset

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Tax losses	–	675

The Company has an unrecognised deferred tax asset of £2,763k calculated at 25% (gross £11,055k) (FY22: 25%, gross amount £5,748k) in respect of losses carried forward to future years. Given the uncertainty of the timing as to when the losses will be utilised the Directors have decided to take a cautious approach and derecognise the deferred tax asset brought forward.

9. Trade and other payables

	As at 31 Dec 2023 £000	As at 31 Dec 2022 £000
Current		
Trade payables	962	735
Accruals and deferred income	1,271	1,072
Other taxation and social security	26	110
Other payables	146	457
	2,405	2,374

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

10. Share Capital

Movements in the Company's Share capital can be found at note 23 to the consolidated financial statements.

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