

Ogury Limited

Annual report and financial statements

Registered number 08904951

31 December 2021



Company Information

Directors	Mr T Pasquet Mr A Roubach Mr J Bourcereau Mr B Grossmann
Company number	08904951
Registered office	3 rd Floor, Classic House 174-180 Old Street London UK EC1V 9BP
Auditor	KPMG LLP 15 Canada Square London E14 5GL

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Strategic report

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business and Strategy

Ogury is a global leader in mobile brand advertising. Ogury is an international organisation with over 400 employees in 18 offices across 12 countries. In 2021, Ogury expanded into mobile web and launched Personified Advertising. Ogury's Advertising Engine delivers comprehensive audience interest, brand performance, privacy protection and sustainability within one technology stack, designed and optimised for mobile. It partners with 1,150 top global brands and advertisers and 1,100 apps/sites globally.

Ogury continues to extend its global reach, demonstrated by opening a new office in Canada in 2021, whilst also cementing its position in its existing territories across Europe, Americas and Asia-Pacific. Its global presence has helped extend Ogury's customer base and continues to drive new revenues.

The period covered by this report is the 12 months to 31 December 2021. During this period the Group's revenue increased by 6% to \$133m (2020: \$125m). The operating loss for the period was \$0.5m (2020: \$12m profit) and there was a reported loss before tax of \$0.6m (2020: \$11m income).

Ogury's 6% growth in sales was made possible by a loyal and growing client base in Europe, Americas and Asia-Pacific, alongside technology innovations in video advertising and fraud prevention.

As consumers spend more time on their mobile devices, Ogury's focus remains on rolling out attractive and fully on-screen ad formats that consumers want to engage with in a fraud-free environment.

In October 2021, Ogury unveiled Header Ad, a high-impact and user-friendly format that blends elegantly in the page header, while showing the brand's full message.

In addition, to provide advertisers with a more accurate picture of video performance, Ogury unveiled Fully On-Screen Rate for 50% duration. This now ensures that all completed views are fully on-screen.

In 2021, Ogury won five industry awards with its proprietary Thumbnail Ad format at Mobile Creativity Awards, Les Mobiles d'Or, Les Cas d'Or, La Nuit des Rois and Grand Prix de la Vidéo Numérique.

At 31 December 2021, the Group held total assets of \$134m (2020: \$136m).

Principal risks and uncertainties

The principal risks faced by the Company and Group are those associated with businesses operating internationally in the advertising technology industry. Principal risks include but are not limited to:

- Effect of economic cycles affecting marketing expenditure. In periods of economic uncertainty, businesses may delay or reduce their spending on advertising, which could materially harm our business. Our international footprint, as well as the fact that we are covering numerous sectors reduces some of this risk and exposure for the Group.
- The threat of competitors and new market entrants, as well as existing intense competition. There are a number of large and established internet and technology companies in our market and they may be able to significantly impair our ability to operate. Outside of these large competitors, the rest of the market is quite fragmented with intense competition amongst a lot of companies. Mobile advertising is a rapidly growing market and therefore an attractive one. We actively monitor the actions of our competitors to be able to take action in response if needed.
- If we fail to innovate, adapt and respond effectively to rapidly changing technology, our solution may become less competitive or obsolete. Mobile connected devices and other devices, their operating systems, Internet browsers or content distribution channels, including those controlled by our competitors, may develop in ways that prevent advertisements from being delivered to their users or reduce their impact. The Group has (and continues) to invest significant amounts in continuous innovation and improvements to the services we provide to ensure that we remain highly competitive in the market.

Strategic report (*continued*)

Principal risks and uncertainties (*continued*)

- Loss of key application publishers and access to associated inventory. The ability to generate data and successfully deliver advertising campaigns is dependent on maintaining an adequate network of users who are reached through our publishers. We also need to accurately balance supply and demand. Our performance and the granularity of our anonymised data allows us to bring publishers not only revenue but also a unique knowledge of their users, which gives them a strong incentive to work with us. We continue to innovate within our core business to maintain the performance of the Group in this respect, as well as working to maintain strong relationships with application publishers.
- Loss of key clients and associated revenue. Ogury's customers are today predominately subsidiaries of the largest international agency groups, independent agencies and also the brand directly. We continue to maintain and develop a strong relationship with them, strengthened by the proved performance of our delivery, as well as identifying new potential clients and brands. We are continually reviewing and innovating within our business to improve the service provided to these customers.
- Disruptions in the Group's IT infrastructure or systems could materially adversely affect its business, results of operations and financial condition. Cyber security of network access for customers, partners, suppliers and user data. Our business involves the use, transmission and storage of confidential information, and the failure to properly safeguard such information could result in significant reputational harm and monetary damages. We regularly monitor the policies and procedures in place to safeguard the sensitive data held by the Group. Where any services are outsourced, we work with a first class partner, reputed for their security policy. In a rapidly developing area this remains a key focus for us.
- Our ability to retain or attract key staff and talent. The Group is dependent on the diverse multinational talent and technical skills of its personnel, as well as their extensive knowledge of the industry and relationships with clients. Our ability to grow our advertiser and publisher base will depend to a significant extent on its ability to maintain and expand our internal sales and marketing and publisher support operations and activities.
- As many of the public health restrictions that were in place due to Covid-19 continue to ease, the long term effects and recovery of local economies and businesses are beginning to become evident. We will continue to review and adapt to the change in market conditions while prioritising the health and wellbeing of all customers, suppliers and employees.
- Operational risk of doing business internationally, including tax regimes, social/political stability, laws and regulatory requirements. This increases the complexity of the business and cost of operation, but also the burden of compliance. The situation in Ukraine continues to be monitored closely as does the rising cost of living, although minimal impact has been seen to date.
- The changing landscape of applicable laws and regulations, specifically in relation to data protection and privacy law around the world. Changes to the definition of personal information or personal data, as well as jurisdictional variances regarding what constitutes personal information or personal data, may require us to adapt our business practices, which may inhibit our ability to conduct our business. California enacted privacy legislation and other US states are at various stages of the legislative process. Brexit is likely to result in some, albeit limited, changes as possible new EU e-Privacy Regulation remains under consideration. The Group uses the knowledge of the board and its' international teams and close relationships with professional advisors to stay up to date with existing and future changes to legislation, and takes appropriate steps to ensure it remains compliant.
- The inability to accurately predict, deliver or measure user engagement, the Group invests considerable resources in improving the algorithms underlying its existing solutions in order to ensure performance, and thus revenue and expenses, are optimised. A fast pace of innovation is maintained through extensive and continuous monitoring and testing.

Strategic report (continued)

Key performance indicators

	December 2021	December 2020	% change
Revenue (see note 2)	\$133m	\$125m	6%
Gross profit (see note 2)	\$82m	\$77m	6%
Average headcount (see note 5)	400	364	10%
Cash (see note 16)	\$56m	\$48m	17%

In 2021, Ogury grew its revenue to \$133 million, an increase of 6% despite many continuing challenges felt from the Covid-19 pandemic.

The business was loss making in 2021, due to incurring significant one-off costs.

Headcount has remained broadly stable due to a freeze on new hirings in response to the Covid-19 pandemic, which was eased during the year.

The cash position has increased from \$48m in 2020 to \$56m in 2021 through strong cash management and a reduction in trade receivables.

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. The directors give careful consideration to these factors in discharging their duties under section 172.

The directors value the importance of good business relationships and understand the need to build, maintain and develop that rapport with its publishers, suppliers and customers. All decisions taken during the year by the directors have taken these relationships into consideration.

At Ogury, the directors understand the importance of relationships and culture in driving the long-term success of the business which is why its values and standards are so important. The values define what is important for Ogury as a company and how employees work together. The Standards solidify the expectations of employees and raise the bar when it comes to performance. Both are used by directors and employees in all areas of decision making to ensure balance and rational thinking. The values and standards are underpinned in the way the company recruits, develops and recognises employees. We have a values and standards based recruitment strategy, our approach to Performance Management incorporates self-reflections and manager evaluations which include an assessment against our standards and we recognise employees who exemplify our values at a global level and/or functional level. Additionally, our compensation philosophy is centered around paying for performance and leadership. We strive to compensate fairly and competitively to the AdTech market, in order to attract and retain the best talent and reward our best performers. We engage in a merit cycle that is reviewed twice a year to ensure that we remain competitive.

For these reasons the values and standards are the bedrock of the Group and understanding their meaning is crucial to driving performance. It is through them that we move forward together every day, to fulfil our mission and shape the Ogury of tomorrow;

- Integrity - We stay true to our words. We inspire trust and courage in others, and always show up for each other.
- Creative Thinking - We don't follow trends. We break barriers and push boundaries so we can discover what's really possible.
- Grit - We passionately persevere. We never settle and are always hungry for the next big opportunity
- Execution - We always get it done. We deliver excellence and quality in our work and always go beyond expectations.

We continue to be proud of, and invest in our staff through appropriate training and remuneration policies. The policies and practices in place promote equal opportunities regardless of age, race or religion, along with a working environment free of discrimination, bullying and harassment. The pay and reward system recognises employees' contributions, treats employees fairly and is non-discriminatory.

Strategic report (*continued*)

The Standards

- We Are Ambitious
- We Take Ownership
- We Are Curious But Don't Believe The Hype
- We Debate And Commit
- We Are Straightforward
- We Help Each Other
- We Are Thorough
- We Act Now

The directors use a variety of methods to engage with stakeholders and better understand the issues and concerns arising in the business. Regular contact and exchange of information is maintained through team briefings and a range of other communication channels on a monthly and quarterly basis. This includes global sessions where the C-level share key messages, strategic priorities and financial results; local and/or functional sessions where employees from all departments share their experiences, news and projects; and newsletters, video conferences and employment engagement surveys where employees are encouraged to voice their opinions.

The Group also operates multiple share option plans, where membership is open to selected service providers to the Group, including of course employees, depending on their country of residence and contribution.

The commitment, enthusiasm and dedication delivered every day by our teams is key to Ogury's high level of performance, and is why the Group has been recognised for a number of awards over the last year. We are especially proud of the following:

- Recognised as a Built In NYC Best Places to Work 2021 - NYC Best Midsize Companies to Work For
- Ranked 54th among the key tech companies in FrenchWeb's FW500

Financial risks

Treasury operations and Financial Instruments

The Group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the Group's activities.

Liquidity risk

The Group manages its cash and borrowing requirements in order to manage interest income and expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The Group's principal foreign currency exposures arise from trading internationally. Fluctuations in the exchange rates of foreign currencies could result in currency transaction losses that negatively impact our financial results.

Interest rate risk

The Group believes that the interest rate risk to which the Group is exposed is tolerable compared to the transaction costs of reducing this risk accordingly the Group does not envisage hedging against this risk.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

Customers who wish to trade on credit terms are subject to credit verification procedures where necessary. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Ogury France SAS has a factoring arrangement for their debtors. This relationship is managed closely to prevent and detect any issues arising. Ogury Inc has a receivables purchase agreement with Bank of the West under which receivables that have been sold are not de-recognised.

Strategic report (*continued*)

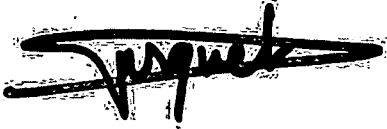
Outlook

The Groups vision, as a global technology company is to “be the only independent player thriving in branding and user acquisition, anchored in consumer’s privacy protection.” In order to achieve this, Ogury has set itself a number of objectives:

- Grow the penetration of Ogury’s existing solutions
- Expand geographically
- Unleash our programmatic offering
- Build a user acquisition offering through our in-app inventory

Longer term, Ogury is committed to extending its customer base further by developing its position in existing markets as well as expanding into new territories. This will be matched with the continued development and delivery of its product offering to the highest quality.

On behalf of the Board



Mr T Pasquet

Director

25 May 2022

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Company and Group in the period under review were to develop a trusted mobile advertising ecosystem, founded on user consent and premium inventory.

Revenue generating activities include selling and distributing mobile advertising campaigns along with performance branding for advertisers, monetization solutions for mobile publishers as well as providing market insights.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T Pasquet
Mr A Roubach
Mr J Bourcereau
Mr B Grossmann

Results and dividends

The results for the period are set out on page 14.

The functional currency of the Company is Pounds Sterling however the presentational currency for the Group is US Dollars and therefore the results of the Company and the subsidiary companies are translated into US Dollars in these financial statements.

In June 2021, Ogury declared an interim dividend to holders of ordinary B shares in the capital of the Company at a total cost of \$497k.

Research and development

The Company and Group are involved in a major research and development scheme. During the period the company spent \$5.2m (2020: \$5.4m) on research and development, of which \$2.6m was capitalised.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Future developments

The Group intends to focus on mobile branding advertising and programmatic offering.

Auditor

KPMG LLP were appointed as statutory auditor by decision of the Company on 28 November 2019, with such appointment renewing automatically each year pursuant to s.487 of the UK Companies Act 2006 until such time as they resign or are otherwise removed pursuant to the UK Companies Act 2006.

Strategic report

The Group has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review of the business, principle risks and uncertainties and financial risks.

Directors' report (*continued*)

Going concern

As at 31 December 2021, the Group had net assets of \$59.3m, net current assets of \$59.2m and cash and cash equivalents of \$56.4m. As at 31 March 2022, the Directors note that the Group had cash and cash equivalents of \$52.1m. The Directors have assessed the financial results up to the date of approving these financial statements including the impact of Covid-19 on its operations.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking into account severe but plausible downsides, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period.

The Directors' assessment has considered trading up to the point of signing these financial statements and that the digital advertising industry in which the Group operates has demonstrated resilience during the Covid-19 pandemic.

The Group has maintained growth in revenues and a strong balance sheet position, and the Directors expect growth and global expansion to continue as the business has successfully return to pre-pandemic levels as the global economy recovers.

Employees

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when policy decisions are made that are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole.

Communication with all employees continues through the range of channels outlined in the strategic report.

Disabled persons

Ogury actively seeks to hire and integrate disabled persons across the organisation. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability and we will consider all reasonable adjustments to achieve that aim.

Streamlined Energy and Carbon Reporting

The Group has not disclosed detailed energy and carbon information as it is a low energy user with <40MWh energy use. However, below note some of the ways the Group are working to reduce its ecological footprint.

The lockdown period and the associated reduction in business travel has had a positive effect in reducing Ogury's energy use and carbon emissions across the organisation. Once global lockdown measures begin to ease, Ogury aims to continue its focus on measuring its carbon footprint impact caused through travel and making a concerted effort to keep this to an acceptable level.

In 2021, the Group became a signatory of The Climate Pledge to demonstrate its commitment to making a positive impact on the environment and becoming net zero by 2040. The Group will be placing a greater emphasis on this as it focuses its efforts on implementing a Corporate Social Responsibility strategy across the organisation, which will include a pillar on how Ogury can become more environmentally conscious.

At a minimum, each of Ogury's offices operates a recycling system ensuring that paper, plastic and cardboard are recycled. Going forward the Group will look to conduct a waste audit in each of its offices to understand where there are opportunities to improve current recycling methods and put into place waste-reduction strategies across the business.

Directors' report (*continued*)

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr T Pasquet

Director

25th May 2022

Statement of directors' responsibilities in respect of the Annual Report, Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent company financial statements in accordance with UK-adopted international 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 parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OGURY LIMITED

Opinion

We have audited the financial statements of Ogury Limited ("the Group") for the year ended 31 December 2021 which comprise the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OGURY LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OGURY LIMITED (continued)

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection and privacy laws, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OGURY LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Omar Ali (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square.
London,
E14 5GL
26 May 2022

Consolidated Statement of Income
for year ended 31 December 2021

	Notes	2021 \$000	2020 Restated \$000
Revenue	2	132,821	124,523
Cost of Sales		(50,823)	(47,922)
Gross profit	2	81,998	76,601
Selling and distribution expenses	4	(46,506)	(38,945)
Research and development expenses	4	(9,254)	(8,741)
General and administrative expenses	4	(26,692)	(16,643)
Operating (loss) / profit		(454)	12,272
Finance income	6	478	8
Finance expenses	6	(725)	(1,265)
Other income	3	61	-
(Loss) / Profit before taxes		(640)	11,015
Income tax expenses	7	(444)	(1,804)
(Loss) / Profit from continuing operations		(1,084)	9,211
Loss from discontinued operations	8	-	(646)
(Loss) / Profit for the year		(1,084)	8,565

See note 28 for details of the presentational restatement.

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
for year ended 31 December 2021

	Notes	2021 \$000	2020 Restated \$000
Net (loss) / income		(1,084)	8,565
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to income statement</i>			
Foreign currency translation differences – continuing operations		(1,133)	624
Foreign currency translation differences – discontinued operations	8		353
<i>Items that will not be reclassified subsequently to income statement</i>			
Remeasurements of post-employment benefit obligations	19	196	(50)
Other Comprehensive (Loss) / Income, net of tax		(937)	927
Total Comprehensive (Loss) / Income		(2,021)	9,492
Comprehensive (loss) / income from continuing operations		(2,021)	9,785
Comprehensive income / (loss) from discontinued operations	8		(293)
Total Comprehensive (Loss) / Income		(2,021)	9,492

See note 28 for details of the presentational restatement.

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet
at 31 December 2021

	Notes	2021 \$000	2020 Restated \$000
Non-current assets			
Intangible assets	10	3,445	2,755
Property, plant and equipment	9	561	832
Right-of-use assets	12	6,303	3,019
Deferred tax assets	14	1,671	592
Non-current financial assets	15	1,125	1,068
Corporation tax receivables	15	4,669	3,809
Total non-current assets		17,774	12,075
Current assets			
Trade receivables and other assets	15	59,144	75,765
Corporation tax receivables	15	699	504
Cash and cash equivalents	16	56,405	47,654
Total current assets		116,248	123,923
Total assets		134,022	135,998
Equity attributable to equity holders of the parent			
Share capital	21	5	5
Share premium		65	59,206
Retained earnings		53,446	(4,117)
Other reserves	27	5,800	4,411
Total equity		59,316	59,505
Non-current liabilities			
Employee benefit liabilities	19	703	709
Non-current loans and borrowings	17	11,419	19,092
Non-current lease liabilities	12	5,543	1,674
Deferred tax liabilities	14	19	617
Total non-current liabilities		17,684	22,092
Current liabilities			
Current loans and borrowings	17	12,062	9,437
Current lease liabilities	12	1,235	1,861
Corporation tax payables	18	1,332	1,450
Trade payables and other liabilities	18	42,393	41,653
Total current liabilities		57,022	54,401
Total liabilities		74,706	76,493
Total equity and liabilities		134,022	135,998

Consolidated Balance Sheet

See note 28 for details of the presentational restatement.

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

These financial statements were approved by the board of directors on 25 May 2022 and were signed on its behalf by:

Mr T Pasquet Director

Company registered number: 08904951

A handwritten signature in black ink, appearing to read 'T. Pasquet', with a large, stylized flourish above the name.

Company Balance Sheet
at 31 December 2021

	Notes	2021 \$000	2020 Restated \$000
Non-current assets			
Intangible assets	10	1	3
Property, plant and equipment	9	74	192
Right-of-use asset	12	27	354
Investments	11	3,676	1,888
Deferred tax assets	15	98	55
Total non-current assets		3,876	2,492
Current assets			
Trade receivables and other assets	15	46,488	43,045
Cash and cash equivalents	16	33,844	25,382
Total current assets		80,332	68,427
Total assets		84,208	70,919
Equity attributable to equity holders of the parent			
Share capital	21	5	5
Share premium		65	59,206
Retained earnings		40,695	(17,808)
Other reserves	27	5,045	2,871
Total equity		45,810	44,274
Non-current liabilities			
Non-current loans and borrowings	17		2,502
Non-current lease liabilities	12		
Total non-current liabilities			2,502
Current liabilities			
Current loans and borrowings	17		227
Current lease liabilities	12		456
Corporation tax payables	18	179	168
Trade payables and other liabilities	18	38,219	23,292
Total current liabilities		38,398	24,143
Total liabilities		38,398	26,645
Total equity and liabilities		84,208	70,919

Company Balance Sheet

See note 28 for details of the presentational restatement.

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

These financial statements were approved by the board of directors on 25 May 2022 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'T Pasquet', is written over a horizontal line.

Mr T Pasquet Director
Company registered number: 8904951

Consolidated Statement of Changes in Equity

at 31 December 2021

	Notes	Share capital \$000	Share premium \$000	Translation reserve \$000	Share-based payment reserves \$000	Retained Earnings \$000	Total equity \$000
Balance at 31 December 2019		5	59,206	524	2,269	(12,615)	49,389
Total comprehensive income for the period							
Profit for the period		-	-	-	-	8,565	8,565
Currency translation differences		-	-	1,034	(40)	(17)	977
Remeasurements of defined benefit liability	19	-	-	-	-	(50)	(50)
Total comprehensive income for the period		-	-	1,034	(40)	8,498	9,492
Issuance of shares	21	0	-	-	-	-	0
Equity-settled share-based payment transactions	20	-	-	-	624	-	624
Dividends issued		-	-	-	-	-	-
Total contributions by and distributions to owners		0	-	1,034	584	8,498	10,116
Balance at 31 December 2020		5	59,206	1,558	2,853	(4,117)	59,505
Total comprehensive income for the period							
Loss for the period		-	-	-	-	(1,084)	(1,084)
Currency translation differences		-	-	(779)	(161)	(193)	(1,133)
Remeasurements of defined benefit liability	19	-	-	-	-	196	196
Total comprehensive income for the period		-	-	(779)	(161)	(1,081)	(2,021)
Issuance of shares	21	0	-	-	-	-	0
Equity-settled share-based payment transactions	20	-	-	-	2,329	-	2,329
Share capital reduction	21	-	(59,141)	-	-	59,141	-
Dividends issued	21	-	-	-	-	(497)	(497)
Total contributions by and distributions to owners		0	(59,141)	(779)	2,168	57,563	(189)
Balance at 31 December 2021		5	65	779	5,021	53,446	59,316

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity
at 31 December 2021

	Notes	Share capital \$000	Share premium \$000	Share-based payment reserves \$000	Retained earnings \$000	Total equity \$000
Balance at 31 December 2019		5	59,206	2,287	(16,923)	44,575
Total comprehensive income for the period						
Loss for the period					(1,433)	(1,433)
Currency translation differences				(40)	548	508
Total comprehensive income for the period				(40)	(885)	(925)
Issuance of shares	21	0				0
Equity-settled share-based payment transactions	20			624		624
Dividends issued						
Total contributions by and distributions to owners		0		584	(885)	(301)
Balance at 31 December 2020		5	59,206	2,871	(17,808)	44,274
Total comprehensive income for the period						
Loss for the period					(3,545)	(3,545)
Currency translation differences				(155)	288	133
Total comprehensive income for the period				(155)	(3,257)	(3,412)
Issuance of shares	21	0				0
Equity-settled share-based payment transactions	20			2,329		2,329
Share capital reduction	21		(59,141)		59,141	
Dividends received					3,116	3,116
Dividends issued	21				(497)	(497)
Total contributions by and distributions to owners		0	(59,141)	2,174	58,503	1,536
Balance at 31 December 2021		5	65	5,045	40,696	45,810

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
for year ended 31 December 2021

		2021	2020
		S000	Restated \$000
Cash flows from operating activities	Notes		
Net (loss)/ income			
Continuing operations		(1,084)	9,211
Discontinued operations	8	-	(646)
Net (loss) / income		(1,084)	8,565
Amortisation, depreciation and impairment	4	4,081	4,701
Net change in finance income	6	570	633
Loss on disposal of non-current assets	4	80	5
Equity settled share-based payment transactions	20	1,937	602
Income tax	7	444	1,827
Decrease / (increase) in trade receivables and other assets	15	14,583	(21,541)
Increase in trade payables and other liabilities	18	464	9,698
Net interest paid		(570)	(471)
Tax (paid) / received		(1,691)	2,525
Cash flows provided by operating activities		18,814	6,544
Cash flows from investing activities			
Interest received	6	-	8
Acquisition of property, plant and equipment	9	(352)	(142)
Acquisition of Right of Use Assets	12	(5,223)	(836)
Recognition of lease liabilities	12	5,134	836
Acquisition of intangible assets	10	(2,637)	(3,236)
Cash received on disposal of property plant and equipment	9	-	6
Acquisition of non-current financial assets		-	-
Cash flows (used in) investing activities		(3,078)	(3,364)
Cash flows from financing activities			
Proceeds from the issue of share capital	21	0	0
Proceeds from loans and borrowings		-	11,463
Proceeds from factoring		1,553	(2,275)
Repayment of borrowings		(5,118)	(863)
Cash received for options granted		1,268	26
Payment of lease interest	12	(143)	(168)
Payment of lease liabilities	12	(1,798)	(1,451)
Dividends paid	21	(497)	-
Cash flows (used in) provided by financing activities		(4,735)	6,732
Net increase in cash and cash equivalents		11,001	9,912
Cash and cash equivalents at 1 January		47,654	35,088
Effect of exchange rate		(2,250)	2,654
Cash and cash equivalents at 31 December	16	56,405	47,654

See note 28 for details of the presentational restatement.

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Notes

(forming part of the financial statements)

1. Accounting policies

Ogury Limited ("the Company") is a private company limited by shares, domiciled and incorporated in England and Wales. The registered number is 08904951 and the registered office is 3rd Floor, Classic House, 174-180 Old Street, London, EC1V 9BP. The Group consists of Ogury Limited and all of its subsidiaries. The Company's and the Group's principal activities are disclosed in the Directors' report.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.19.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except certain financial assets and financial liabilities that are measured at fair value.

1.2 Going concern

As at 31 December 2021, the Group had net assets of \$59.3m, net current assets of \$59.2m and cash and cash equivalents of \$56.4m. As at 31 March 2022, the directors note that the Company had cash and cash equivalents of \$52.1m. The Directors have assessed the financial results up to the date of approving these financial statements including the impact of Covid-19 on its operations.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking into account severe but plausible downsides, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period.

The Directors' assessment has considered trading up to the point of signing these financial statements and that the digital advertising industry in which the Group operates has demonstrated resilience during the Covid-19 pandemic.

The Group has maintained growth in revenues and a strong balance sheet position, and the Directors expect growth and global expansion to continue as the business has successfully return to pre-pandemic levels as the global economy recovers.

In performing their downside scenarios, the Directors have assumed a decrease in revenue for the forecasted period and identified certain discretionary costs that can be decreased to preserve cash if so needed. Reductions in discretionary items will be implemented where necessary if a downside scenario does occur. The Directors are satisfied that in all scenarios, even under the severe but plausible downside scenario, the Group and Company will have sufficient liquidity to continue operating, without additional financing.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

Notes (continued)

1 Accounting policies (continued)

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign currency differences related to operating activities are recognised within operating profit for the period; foreign currency differences related to financing activities are recognised within finance income (expense).

The consolidated financial statements and the notes to the consolidated financial statements are presented in US Dollars (USD), although the functional currency of the Parent entity is Pounds Sterling. A different presentational currency to the Parent entity's functional currency is used due to the weight and prominence of USD transactions across the wider Group. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, US Dollar, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

1.5 Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes (continued)

1 Accounting policies (continued)

1.5 Financial instruments (continued)

(i) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset, which includes loans and receivables, is measured at: amortised cost or Fair Value Through Profit and Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at Fair Value through Other Comprehensive Income (FVOCI) if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment accounted for using the equity method. Investments in subsidiaries are accounted for in accordance with IFRS 9.

Cash and cash equivalents

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

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.5 Financial instruments (continued)

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(ii) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

Notes (continued)

1 Accounting policies (continued)

1.5 Financial instruments (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group or Company in full, without recourse by the Group's to actions such as realising security (if any is held); or
- the financial asset is more than 270 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

• Computer equipment	3 to 5 years straight line
• Motor vehicles	3 years straight line
• Fixtures and fittings	5 to 12 years straight line
• Right-of-use asset	depreciated over the life of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Notes (continued)

1 Accounting policies (continued)

1.7 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer relationships 5 years straight line
- Software 2 to 5 years straight line
- Development costs 2 to 5 years straight line

Notes (continued)

1 Accounting policies (continued)

1.8 Impairment of non-financial assets excluding deferred tax assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes (continued)

1 Accounting policies (continued)

1.9 Employee benefits (continued)

Defined benefit plans

The Group's obligations relating to defined benefit plans are calculated using the projected unit credit method and by taking into account actuarial assumptions, including employee turnover, salary increases and employees' expected active lives.

The carrying amounts of these plans on the consolidated balance sheet correspond to the actuarial value of the obligations, as defined above, less the fair value of the plan assets (retirement funds to which the Group contributes, for example). They are presented under the heading Employee Benefits liabilities. In addition, the expected return on plan assets is measured on the basis of the discount rate used to estimate the actuarial value of retirement commitments. Actuarial gains and losses resulting from experience adjustments and changes in the actuarial assumptions that are used to calculate the obligations net of the assets (including the difference between the expected return and the actual return on plan assets) are fully recognised within Other Comprehensive Income. The recognised costs and income of defined benefit plans correspond mainly to:

- The cost of services provided during the year and of prior services (where relevant) allocated according to their function to the various headings in the consolidated income statement;
- The accretion of the present value of the obligations, net of the expected return on plan assets, recognised within Financial expense.

1.10 Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

For awards granted to employees, the grant date fair value of share-based payment is recognised as an expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised directly in equity.

1.11 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes (continued)

1 Accounting policies (continued)

1.12 Revenue

For Managed services, Ogury offers performance advertising with pricing on Cost-Per-Click (CPC), Cost-Per-View (CPV), Cost-Per-Install (CPI) or Cost-Per-Engagement (CPE) depending on the format delivered. Clients only pay when Ogury delivers the objective metric (Click, View, Install or Engagement) as measured by first- or third-party reporting.

For Programmatic, Ogury offers pricing on Cost-Per-Thousands-Impressions (CPM). This CPM is inclusive of pre-set targeting segment, media, and optimization. Advertisers are charged for every thousand impressions displayed.

Ogury recognises revenues over time, in line with actual delivery of advertising over the period of the advertising campaigns. For campaigns priced on a Cost-Per-Click (CPC), Cost-Per-Install (CPI) basis, Cost-Per-View (CPV) and Cost-Per-Engagement (CPE) basis, Ogury recognises revenue for the number of clicks on an advertisement that were delivered, installs of an application by clicking on an advertisement were delivered, views of a video or engages with an advert respectively and Ogury invoices clients for the number of times these actions were performed. For campaigns priced on a Cost-Per-Thousand-Impression (CPM) basis, Ogury recognises revenue when an advertisement is displayed. Invoices are raised for the number of times that an advertisement is displayed.

The value of consideration takes into account trade discounts, settlement discounts and volume rebates. The Group acts as principal in its arrangements because (i) it controls the advertising inventory before it is transferred to clients; (ii) it bears sole responsibility for fulfilment of the advertising promise and inventory risks and (iii) it has full discretion in establishing prices. Therefore, based on these factors, the Group reports revenue earned and the related costs incurred on a gross basis.

Given Ogury's activity,

- there is no contractual commitment longer than twelve months with clients;
- contract assets and liabilities are not significant.

Trade discounts, settlement discounts and volume rebates may cover periods that are not co-terminus with the reporting date, and therefore may need to be estimated. The consideration due from some contracts may be variable as they may be subject to a volume based agreement that grants a reduction in consideration which is determined only at the end of the agreement. The structure of these agreements vary, and may include minimum thresholds and tiered thresholds. We estimate the resulting consideration due for any contracts subject to these agreements based on the expected value for that agreement and recognise these discounts as a reduction of revenue. We believe that there will not be significant changes to our estimates of variable consideration.

1.13 Expenses

Finance income and expenses

Finance income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains on non-operating activities. Finance expenses include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions and net foreign exchange losses on non-operating activities. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Notes (continued)

1 Accounting policies (continued)

1.14 Taxation

Tax on the profit or loss for the year, comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

In addition to the above, the Group has also estimated the provision for R&D tax credits based on the allocation of eligible staff and other costs to each applicable project, that meets the R&D tax credit recognition criteria.

1.15 Discontinued operations

A discontinued operation is a component of the Group's activities that is distinguishable by reference to geographical area or line of business that is held for sale, has been disposed of or discontinued, or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

1.16 Lease accounting

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Notes (continued)

1 Accounting policies (continued)

1.16 Lease accounting (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 45(S)(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Notes (continued)

1 Accounting policies (continued)

1.16 Lease accounting (continued)

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

1.17 Government Grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss and deducted from the related expense on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

1.18 Adopted IFRSs not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) – effective date 1 January 2022
- Annual Improvements to IFRS Standards 2018–2020 – effective date 1 January 2022.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) – effective date 1 January 2022.
- Reference to the Conceptual Framework (Amendments to IFRS 3) – effective date 1 January 2022.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – effective date 1 January 2023.
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts – effective date 1 January 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – effective date 1 January 2023.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – effective date 1 January 2023.
- Definition of Accounting Estimates (Amendments to IAS 8) – effective date 1 January 2023.

Change in accounting policy

The Company has adopted the following IFRSs in these financial statements, which were adopted from 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

1.19 Accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes (continued)

1 Accounting policies (continued)

1.19 Accounting estimates and judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical accounting judgements in applying the Group's accounting policies

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of investments

The carrying values of the Company's investments are reviewed for impairment when there are indicators that the assets may be impaired. When testing for impairment, recoverable amounts are measured at their value in use by discounting the future expected cash flows from the investments.

Classification as discontinued operations

When an operation has been discontinued and meets the criteria of IFRS 5 Non-current assets held for sale and discontinued operations, the standard requires that the operation's results and cash flows should be presented as discontinued operations and the results for the comparative period are re-presented.

Effective 15 November 2020, Purple Brain terminated its contracts with customers and suppliers and ceased the operations of the Purple Brain business. The activities have been treated as a discontinued operation in the Group's consolidated financial statements since they represented a separate major line of business.

Other estimates and judgements include:

- Recognition of revenue: estimate of discounts
- Measurement of Right-of-Use assets: determination of interest rate
- Measurement of Defined Pension Benefits Plan: key actuarial assumptions
- Determination of Share-Based Payment expense: inputs to Black-Scholes model
- Determination of the amount of Other Non-Current provisions and liabilities: key assumptions about the likelihood and magnitude of an outflow of resources

These assumptions, estimates and appraisals are made on the basis of information and conditions available at the end of the financial period presented.

Notes (continued)

2 Operating segments

The primary decision-makers (Board of Directors) monitor Ogury's businesses by geographical area. The operating segments correspond to the EMEA, APAC and the Americas reporting entities. The key indicators reviewed and used internally by the primary operational decision-makers to assess operational performances are:

- Revenue, and
- Gross Profit.

Only these indicators are monitored by Reporting Entities. The other key indicators reviewed and used internally by the primary operational decision-makers are monitored at Group level.

Information by Operating Segment

	Revenue Year ended 31 December		Gross Profit Year ended 31 December	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
EMEA	67,467	42,407	38,700	28,657
America's	59,658	79,898	39,210	46,376
APAC	5,696	2,218	4,088	1,568
	<u>132,821</u>	<u>124,523</u>	<u>81,998</u>	<u>76,601</u>

France and the UK represented more than 60% and 57% of the revenue of EMEA for the years ended 31 December 2020 and 2021, while they represented 22% and 29% of the Group revenue from continuing operations respectively for the same periods. The US represented more than 98% and 96% of the Americas for the years ended 31 December 2020 and 2021 and 63% and 43% of the Group revenue from continuing operations for the years ended 31 December 2020 and 2021 respectively.

	Non current assets Year ended 31 December		Non current liabilities Year ended 31 December	
	2021 \$000	2020* \$000	2021 \$000	2020* \$000
EMEA	15,675	9,831	17,231	20,142
America's	2,041	2,162	453	1,027
APAC	58	24		
	<u>17,774</u>	<u>12,017</u>	<u>17,684</u>	<u>21,169</u>

* Non-current assets and non-current liabilities disclosed do not include non-current assets and liabilities of the discontinued operations.

Notes (continued)

2 Operating segments (continued)

Information by operating channel

The Group uses segment information detailed by its sales channels, which are Managed Services and Programmatic.

	2021	2020
	\$000	\$000
Managed Services	111,569	105,231
Programmatic	21,252	19,292
Total	132,821	124,523

Revenue for Ogury Ltd is as follows:

	2021	2020
	\$000	\$000
Revenue	14,966	12,023
Total revenue for Ogury Ltd	14,966	12,023

3 Other operating income

	2021	2020
	\$000	\$000
Other operating income		
Rental income	61	
Total other operating income	61	

Notes (continued)

4 Operating expenses and auditor's remuneration

Included in the consolidated statement of income are the following:

	2021 \$000	2020 \$000
Exchange (gains)/ loss differences (except for those arising on financial instruments at FVTPL)	(573)	841
Research and development incurred*	5,243	5,442
Depreciation of owned property, plant and equipment (See note 9)	498	519
Depreciation of right-of use assets (See note 12)	1,812	1,628
Impairment loss on goodwill and intangibles (See note 10)		670
Amortisation of intangibles (See note 10)	1,771	1,884
Loss on disposal of property, plant and equipment	(80)	(5)
Share-based payments (See note 20)	1,937	602
Operating lease charge (See note 13)	559	790

*Of which \$2.6m was capitalised during the year (2020: \$3.2m) (see note 10).

Auditor's remuneration:

	2021 \$000	2020 \$000
Audit and audit-related services:		
Audit of the parent Company and consolidated financial statements	204	212
Audit of the Company's subsidiaries	29	
Total audit and audit-related services	233	212
Non-audit services:		
- Half year review	83	
- Other assurance services	1,216	

Amounts paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Group's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2021	2020
Directors	1	1
Sales & Marketing	185	163
Supply	22	21
Product & Technical	123	123
Administration	69	56
	<u>400</u>	<u>364</u>

The aggregate payroll costs of these persons were as follows:

	\$000	\$000
Wages and salaries	54,137	46,605
Share-based payments (See note 20)	1,937	602
Social security costs	8,345	7,219
Contributions to defined contribution plans (See note 19)	2,386	1,908
Net financing cost charged to the income statement in respect of defined benefit pension plans (See note 19)	237	226
	<u>67,042</u>	<u>56,560</u>

Payroll costs include \$2.6 of capitalised development costs (2020: \$3.2m) (see note 10).

6 Finance income and expense

Recognised in the consolidated statement of income

	2021	2020
	\$000	Restated \$000
Finance income		
Interest on bank deposits	1	8
Foreign exchange	477	
Total finance income	<u>478</u>	<u>8</u>
Finance expense		
Interest on bank overdrafts and loans (including factor)	(570)	(376)
Interest on finance leases	(148)	(165)
Foreign exchange		(717)
Defined benefit pension interest	(7)	(7)
Total finance expense	<u>(725)</u>	<u>(1,265)</u>
Net finance costs recognised in profit or loss	<u>(247)</u>	<u>(1,257)</u>

Notes (continued)

7 Taxation

Recognised in the consolidated statement of income

	2021	2020
	\$000	\$000
Current tax expense		
Current year	151	39
Adjustments for prior years		
Current UK tax expense/(credit)	151	39
Current foreign tax expense/(credit)	1,805	2,123
Adjustment for prior years	124	
Total current tax expense/(credit)	2,080	2,162
Deferred tax expense		
Origination and reversal of temporary differences	(1,556)	291
Recognition of previously unrecognised tax losses	(80)	(649)
Deferred tax expense	(1,636)	(358)
Total tax expense/(credit)	444	1,804
Income tax expense is attributable to:		
Profit/(loss) from continuing operations	444	1,804
Loss/(profit) from discontinuing operations		23
	444	1,827

Reconciliation of effective tax rate

	2021	2020
	\$000	\$000
(Loss) / Profit from continuing operations before tax	(640)	11,015
(Loss) / Profit from continuing operations before tax	(640)	11,015
Tax using the UK corporation tax rate of 19% (2020: 19%)	(122)	2,093
Fixed Asset differences	-	7
Expenses not deductible for tax purposes	(263)	286
Other permanent differences	-	(119)
Losses not recognised for foreign tax purpose	-	
Foreign tax	826	142
Adjustment in respect of previous periods	44	(649)
Tax incentives	(72)	
Impact of tax rate differences	(13)	44
Impact of foreign exchange	44	
Total tax expense/(credit)	444	1,804

Notes (continued)

8 Discontinued operations

The Group took the decision to discontinue its Purple Brain business, effective as of 15th November 2020. From this date it met the criteria to be treated as a discontinued operation in the Group's consolidated financial statements.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 12 months ended 31 December 2021 and the year ended 31 December 2020.

	2021 \$000	2020 \$000
Revenue	0	1,365
Expenses other than finance costs	0	(1,900)
Finance costs	0	(88)
Profit before tax	0	(623)
Tax expense	0	(23)
Loss from discontinued operations	0	(646)
Foreign currency translation differences of discontinued operations	0	353
Other comprehensive income from discontinued operations	0	(293)
Net cash (outflow)/ inflow from operating activities	0	(46)
Net cash inflow/(outflow) from investing activities	0	0
Net cash inflow/(outflow) from financing activities	0	951
Net increase in cash generated by discontinued operations	0	905

Notes (continued)

9 Property, plant and equipment

Group

	Fixtures & Fittings \$000	Computer Equipment \$000	Motor Vehicles \$000	Total \$000
Cost				
Balance at 1 January 2020	867	934	20	1,821
Additions	51	91	-	142
Disposals	-	(28)	(10)	(38)
Exchange differences	69	65	7	141
Balance at 31 December 2020	987	1,062	17	2,066
Balance at 1 January 2021	987	1,062	17	2,066
Additions	103	249	-	352
Disposals	(317)	(103)	(9)	(429)
Exchange differences	(46)	(53)	(1)	(100)
Balance at 31 December 2021	727	1,155	7	1,889
Depreciation and impairment				
Balance at 1 January 2020	216	437	20	673
Depreciation charge for the year	267	251	1	519
Disposals	-	(17)	(10)	(27)
Exchange differences	24	39	6	69
Balance at 31 December 2020	507	710	17	1,234
Balance at 1 January 2021	507	710	17	1,234
Depreciation charge for the year	244	254	-	498
Disposals	(247)	(92)	(9)	(348)
Exchange differences	(19)	(36)	(1)	(56)
Balance at 31 December 2021	485	836	7	1,328
Net book value				
At 1 January 2020	651	497	-	1,148
At 31 December 2020 and 1 January 2021	480	352	-	832
At 31 December 2021	242	319	-	561

Notes (continued)

9 Property, plant and equipment (continued)

Company

	Fixtures & Fittings \$000	Computer Equipment \$000	Total \$000
Cost			
Balance at 1 January 2020	286	186	472
Additions	7	12	12
Disposals	-	(4)	(4)
Exchange differences	18	14	32
Balance at 31 December 2020	304	208	512
Balance at 1 January 2021	304	208	512
Additions	7	39	39
Disposals	-	(13)	(13)
Exchange differences	(4)	(3)	(7)
Balance at 31 December 2021	300	231	531
Depreciation and impairment			
Balance at 1 January 2020	66	93	159
Depreciation charge for the year	98	47	145
Disposals	-	(3)	(3)
Exchange differences	10	9	19
Balance at 31 December 2020	174	146	320
Balance at 1 January 2021	174	146	320
Depreciation charge for the year	103	50	153
Disposals	-	(12)	(12)
Exchange differences	(2)	(2)	(4)
Balance at 31 December 2021	275	182	457
Net book value			
At 1 January 2020	220	93	313
At 31 December 2020 and 1 January 2021	130	62	192
At 31 December 2021	25	49	74

Notes (continued)

10 Intangible assets & Goodwill

Group

	Goodwill \$000	Customer Relationships \$000	Software \$000	Development costs \$000	Total \$000
Cost					
Balance at 1 January 2020	5,472	9,114	6,618	-	21,204
Additions	-	-	-	3,236	3,236
Disposals	-	-	-	-	-
Exchange difference	-	280	248	-	528
Balance at 31 December 2020	5,472	9,394	6,866	3,236	24,968
Balance at 1 January 2021	5,472	9,394	6,866	3,236	24,968
Additions	-	-	-	2,637	2,637
Disposals*	(5,472)	(9,478)	(6,878)	-	(21,828)
Exchange difference	-	84	93	(262)	(85)
Balance at 31 December 2021	-	-	81	5,611	5,692
Amortisation and impairment					
Balance at 1 January 2020	5,472	8,343	5,355	-	19,170
Amortisation for the year	-	741	658	485	1,884
Impairment	-	-	670	-	670
Disposals	-	-	-	-	-
Exchange differences	-	310	179	-	489
Balance at 31 December 2020	5,472	9,394	6,862	485	22,213
Balance at 1 January 2021	5,472	9,394	6,862	485	22,213
Amortisation for the year	-	-	2	1,769	1,771
Impairment	-	-	-	-	-
Disposals*	(5,472)	(9,478)	(6,878)	-	(21,828)
Exchange differences	-	84	93	(86)	91
Balance at 31 December 2021	-	-	79	2,168	2,247
Net book value					
At 1 January 2020	-	771	1,263	-	2,034
At 31 December 2020 and 1 January 2021	-	-	4	2,751	2,755
At 31 December 2021	-	-	2	3,443	3,445

*Disposals relating to goodwill, customer relationships and software reflect fully amortised assets with no further expected economic benefits

Notes (continued)

10 Intangible assets & Goodwill (continued)

Development costs

From 1st January 2020, Ogury was able to accurately capture data around capitalised development costs through the use of a technical tool called Jira, and therefore these costs now meet the criteria for recognition of an intangible asset. At the end of 2021, these development costs are recognised as an intangible asset at a cost of \$5.6m (2020: \$3.2m). The development costs recognised in the statement of financial position does not include expenditure prior to 2020 as the recognition criteria had not previously been met. Amortisation of the development costs intangible assets commences in the quarter following capitalisation.

Company	Software	Total
Cost	\$000	\$000
Balance at 1 January 2020	1,112	1,112
Additions		
Disposals	(22)	(22)
Exchange differences	78	78
Balance at 31 December 2020	1,168	1,168
Balance at 1 January 2021	1,168	1,168
Additions		
Disposals	(1,131)	(1,131)
Exchange differences	42	42
Balance at 31 December 2021	79	79
Amortisation and impairment		
Balance at 1 January 2020	304	304
Amortisation for the year	209	209
Impairment	670	670
Disposals	(22)	(22)
Exchange differences	4	4
Balance at 31 December 2020	1,165	1,165
Balance at 1 January 2021	1,165	1,165
Amortisation for the year	2	2
Disposals	(1,131)	(1,131)
Exchange differences	42	42
Balance at 31 December 2021	78	78
Net book value		
At 1 January 2020	808	808
At 31 December 2020 and 1 January 2021	3	3
At 31 December 2021	1	1

Notes (continued)

11 Investments in subsidiaries

Movement in non-current investments

Company	Total \$000
Investments	
Balance at 1 January 2020	3,311
Additions	597
Impairment	(1,315)
Exchange differences	(705)
Balance at 31 December 2020	1,888
Balance at 1 January 2021	1,888
Additions	1,812
Impairment	
Exchange differences	(24)
Balance at 31 December 2021	3,676

The impairment charge recognised during the prior year relates predominately to the Company's investment in Purple Brain SAS. See note 10 for further details.

The company has the following investments in subsidiaries:

Name of undertaking	Registered Office	Classes of			
		Nature of business	shares held	% Held directly	% Held indirectly
Ogury France SAS	52 rue de Dunkerque, 75009, Paris, FR	Advertising	Ordinary	100	0
Ogury Inc.	75 Broad Street, New York, NY, 10004, US	Advertising	Ordinary	100	0
Ogury Italy SRL	Viale Bligny 27, 20136, Milano, IT	Advertising	Ordinary	100	0
Ogury Spain SL	Calle Raimundo Fernández Villaverde 61, 28003 Madrid, ES	Advertising	Ordinary	100	0
Ogury Germany GmbH	Brusseler Str. 21, 50674 Cologne, DE	Advertising	Ordinary	100	0
Ogury Balkans doo	Bulevar Mihajla Pupina 165e 1st floor, 11070, New Belgrade, RS	IT development	Ordinary	100	0
Purple Brain SAS	52 rue de Dunkerque, 75009, Paris, FR	Advertising	Ordinary	100	0
Ogury Netherlands BV	Johan Huizingalaan 763a, 1066 VH Amsterdam, NL	Advertising	Ordinary	100	0
Ogury Singapore Pte. Ltd	5 Shenton Way, #10-01 UIC Building, Singapore	Advertising	Ordinary	100	0
Ogury México SA de CV	Campos Eliseos No 385, Chapultepec Polanco, Miguel Hidalgo, CDMX CP 11560, MX	Advertising	Ordinary	99	1
Ogury Australia Pty. Ltd.	WOTSO Manly, 19-21 South Steyne, Manly NSW 2095	Advertising	Ordinary	100	0
Ogury Canada Ltd	100 King Street West, Suite 6200, First Canadian Place, Toronto, Ontario, Canada M5X 1B8	Advertising	Ordinary	100	0

Notes (continued)

12 Leases

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Group	Total \$000
Right-of-use assets	
Balance at 1 January 2020	5,699
Additions	836
Exchange differences	188
Balance at 31 December 2020	6,723
Balance at 1 January 2021	6,723
Additions	5,223
Disposals	(2,179)
Exchange differences	(105)
Balance at 31 December 2021	9,662
Depreciation and impairment	
Balance at 1 January 2020	1,982
Depreciation charge for the year	1,628
Exchange differences	94
Balance at 31 December 2020	3,704
Balance at 1 January 2021	3,704
Depreciation charge for the year	1,812
Disposals	(2,179)
Exchange differences	22
Balance at 31 December 2021	3,359
Net book value	
At 1 January 2020	3,717
At 31 December 2020 and 1 January 2021	3,019
At 31 December 2021	6,303

Notes (continued)

12 Leases (continued)

Company	Total \$000
Right-of-use assets	
Balance at 1 January 2020	954
Additions	2
Exchange differences	25
Balance at 31 December 2020	979
Balance at 1 January 2021	979
Additions	2
Exchange differences	(12)
Balance at 31 December 2021	967
Depreciation and impairment	
Balance at 1 January 2020	289
Depreciation charge for the year	293
Exchange differences	43
Balance at 31 December 2020	625
Balance at 1 January 2021	625
Depreciation charge for the year	329
Exchange differences	(14)
Balance at 31 December 2021	940
Net book value	
At 1 January 2020	665
At 31 December 2020 and 1 January 2021	354
At 31 December 2021	27

Notes (continued)

12 Leases (continued)

Lease liabilities	Group December 2021 \$000	December 2020 \$000	Company December 2021 \$000	December 2020 \$000
Current	1,235	1,861	-	456
Non-current	5,543	1,674	-	-
	<u>6,778</u>	<u>3,535</u>	<u>-</u>	<u>456</u>

(b) Amounts recognised in statement of profit and loss

The statement of income shows the following amounts in relation to leases:

	Group December 2021 \$000	December 2020 \$000	Company December 2021 \$000	December 2020 \$000
Depreciation charge of right-of-use assets				
Properties	1,812	1,628	329	293
Operating lease expense	559	790	196	244
Interest expense (included in finance costs)	148	165	12	31

The total Group cash outflow for leases in 2021 was \$1.9m (2020: \$1.6m).

Amounts of \$0.6m (2020: \$0.8m) are expensed for Group under IAS 17, see note 13 for operating lease commitments for 31 December 2021.

(c) The Group and Company's leasing activities and how they are accounted for

The Group leases various properties. Rental contracts are typically made for fixed terms. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives
- Variable lease payments that are based on an index specific rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Notes (continued)

12 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

The right-of-use assets are measured at cost comprising of the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives
- Any initial direct costs, and
- Restoration costs

Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

13 Operating lease commitments

At the reporting date the Group had outstanding commitments for the future minimum lease payments, of leases not captured by IFRS 16, under non-cancellable operating leases, which fall due as follows:

	Group December 2021 \$000	December 2020 \$000	Company December 2021 \$000	December 2020 \$000
Less than one year	282	258	45	45
Between one and five years	72	14	55	17
More than five years	4	2	157	172
	<u>358</u>	<u>272</u>	<u>217</u>	<u>234</u>

During the year \$0.6m was recognised as an expense in the income statement in respect of operating leases (2020: \$0.8m).

Other leasing arrangements held by the Group are disclosed in Note 12 and are within the scope of IFRS 16.

Notes (continued)

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Temporary timing differences	1,067	592	(19)	(19)
Losses	604			(617)
Net tax assets / (liabilities)	<u>1,671</u>	<u>592</u>	<u>(19)</u>	<u>(617)</u>

There are no known unrecognised deferred tax assets or liabilities. A deferred tax asset has been recognised on the Balance sheet as management expect that it will be utilised in the future as the Group becomes profitable. Management have reviewed budget and forecast information as part of the review of the deferred tax asset.

Movement in deferred tax during the year

	\$000
Opening asset at 1 January 2020	12
Origination of timing differences	540
Recognised in income	(577)
Closing asset at 31 December 2020	<u>(25)</u>
Opening asset at 1 January 2021	(25)
Prior year adjustment	80
Origination of timing differences	1,537
CTA	41
Other	19
Closing asset at 31 December 2021	<u>1,652</u>

Notes (continued)

15 Trade receivables and other assets

	Group 2021	2020	Company 2021	2020
	\$000	\$000	\$000	\$000
Current				
Trade receivables	50,853	69,346	8,625	11,805
Trade receivables due from Group undertakings			35,759	28,445
Other receivables	3,125	2,406	216	719
Prepayments and accrued income	5,166	4,013	1,888	2,076
Corporation tax receivables	699	504		
Total current receivables and other assets	59,843	76,269	46,488	43,045
Deferred tax (Note 14)	1,671	592	98	55
Corporation tax receivables	4,669	3,809		
Deposits and other securities	1,125	1,068		
Total non-current receivables	7,465	5,469	98	55
Total receivables and other assets	67,308	81,738	46,586	43,100

Other receivables consist predominantly of deposits relating to the Group's factors and other tax receivables. They also include rental deposits and amounts due to the Company for the issuance of Company share options.

Trade receivables due from group undertakings include long term loans made to group subsidiaries that are repayable up to 5 years after the lending date and carry interest.

Non-current corporation tax receivables relate to the research and development tax credits (Crédit d'Impôt Recherche or CIR) due from the French tax administration. For submissions made from 2019 onwards, amounts are not expected to be recovered for three years.

Ogury France entered a Factoring Contract with BNP Paribas Factor on March 19, 2020. Ogury Inc. entered into an Uncommitted Receivables Purchase Agreement on October 2, 2019 with Bank of the West. Under the Group's factoring agreements, trade receivables are sold without recourse, however, as the Group has not transferred substantially all the risks and rewards of ownership of the receivables, especially for late or non-payment, the receivables are not de-recognised. As of 31 December 2021, the total Group carrying amount of the original assets factored was \$8.2m (2020: \$6.6m).

Age of trade receivables that are past due but not impaired

	Group 2021	2020	Company 2021	2020
	\$000	\$000	\$000	\$000
Not yet due	40,070	56,011	7,149	8,705
0 – 90 days	9,057	12,488	1,047	3,194
91 to 120 days	495	247	104	25
4 to 6 months	628	479	381	59
6 months to 1 year	682	314	166	9
Over 1 year	403	220	35	46

Notes (continued)

15 Trade receivables and other assets (continued)

Total	51,335	69,759	8,882	12,038
Expected credit losses provision	(482)	(413)	(257)	(233)
Total trade receivables	50,853	69,346	8,625	11,805
Average age of overdue amounts (days)	105	89	140	62

As at 31 December 2021, trade receivables were considered for impairment under IFRS 9 with \$0.1m of additional expected losses recognised (2020: \$0.1m).

The Group is not exposed to significant foreign currency exchange risk as the majority of trade and other receivables are denominated in US Dollars. Additional disclosure on credit risk management is included in note 22.

During the period, the Company wrote off no specific trade receivables (2020: \$3k).

16 Cash and cash equivalents

	Group 2021 \$000	2020 \$000	Company 2021 \$000	2020 \$000
Cash and cash equivalents per balance sheet	56,405	47,654	33,844	25,382
Cash and cash equivalents per cash flow statement	56,405	47,654	33,844	25,382

17 Interest-bearing loans and borrowings and net debt

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 22.

	Group 2021 \$000	2020 \$000	Company 2021 \$000	2020 \$000
Non-current liabilities				
Bank loans	11,419	19,092		2,502
Lease liabilities	5,543	1,674		
	16,962	20,766		2,502
Current liabilities				
Bank loans	3,902	2,830		227
Factoring liabilities	8,160	6,607		-
Lease liabilities	1,235	1,861		456
	13,297	11,298		683

Notes (continued)

17 Interest-bearing loans and borrowings and net debt (continued)

In March 2021, the Group decided to benefit from the potential extension of its loan of €5,000 thousand guaranteed by the French state, initially bearing interest at 0%. The new maturity date is 2026. The loan is now bearing interest at 0.75% and will be amortised over the period.

The Group fully repaid a £2,000 thousand loan in March 2021 and continued to make contractual repayments on all other existing loans during the period.

Other existing bank loans in 2021 and 2020 include facilities with effective rates ranging from 1% to 2.1% and maturity dates ranging from June 2023 to December 2026.

The financial debts of the Group include non-cash items related to the translation differences. The bank loans include \$1.5m, and \$1.95m of translation differences as at 31 December 2021 and 2020 respectively. The factoring liabilities included \$(0.4)m and \$(0.4)m of translation differences as at 31 December 2021 and 2020 respectively. The lease liabilities included \$(0.1)m and \$(0.1)m of translation differences as at 31 December 2021 and 2020 respectively.

Net debt	Group 2021 \$000	2020 \$000	Company 2021 \$000	2020 \$000
Bank loans	15,321	21,922		2,729
Factoring liabilities	8,160	6,607		
Cash and cash equivalent	(56,405)	(47,654)	(33,844)	(25,382)
Net debt (Excluding lease liabilities)	(32,924)	(19,125)	(33,844)	(22,653)
Net debt (Excluding lease liabilities)	(32,924)	(19,125)	(33,844)	(22,653)
Non-current lease liabilities	5,543	1,674		
Current lease liabilities	1,235	1,861		456
Net debt (Including lease liabilities)	(26,146)	(15,590)	(33,844)	(22,197)

Notes (continued)

18 Trade payables and other liabilities

	Group 2021	2020	Company 2021	2020
Current:	\$000	\$000	\$000	\$000
Trade payables	8,392	11,263	4,881	7,262
Amounts due to Group undertakings	=	=	22,133	5,446
Accruals and deferred income	25,636	21,394	10,493	9,986
Other taxation and social security	5,881	6,187	678	567
Other liabilities	2,484	2,809	34	31
Corporation tax payable	1,332	1,450	179	168
Total current liabilities	43,725	43,103	38,398	23,460
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Non-current:				
Defined benefit obligation (Note 19)	703	709		
Deferred tax liability	19	617		
Total non-current liabilities	722	1,326		

All trade payables and other liabilities are expected to be settled within 12 months, with the exception of non-current bank loans.

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note 22. The Group's exposure to market and liquidity risks, including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management note 22.

Trade payables due to group undertakings are normal course of business trading balances that are settled when due and are not subject to interest.

Other liabilities consist predominantly of employee related expenses such as holiday pay, health insurance and defined contribution pension costs.

Notes (continued)

19 Employee benefits

Defined contribution plans

The Group operates several defined contribution pension plans for qualifying employees. The assets of the schemes are held separately from those of the Group's by independently administered funds.

	2021 \$000	2020 \$000
Charge to profit or loss in respect of defined contribution schemes	2,386	1,908

Defined benefit plans

The Group operates one defined contribution pension plan in Ogury France where there is a legal state requirement to do so. The charge for the year represents the contributions payable to the plans in respect of the accounting period. An accrual or prepayment is included in the statement of financial position to the extent to which such costs do not equate to the cash contributions paid in the year. The entity uses the 'projected unit credit method' to determine the current value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

The projected unit credit method requires an entity to attribute benefit to the current period (in order to determine current service cost) and the current and prior periods (in order to determine the present value of defined benefit obligations). The projected unit credit method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The net obligation of the Group's pension plan is based on certain assumptions including mortality, discount rates reflecting current market trends and inflation rates reflecting current expectations, salary increases and retirement ages. The use of different assumptions would result in a different net obligation liability, resulting in different remeasurement gains and losses and financial expense being recognised.

The pension plans expose the Group to several actuarial risks, the most significant of which are staff turnover and seniority of staff members. The assumptions adopted by the Group make allowances for future salary increases and an ageing workforce. However, if senior staff members are hired at a faster rate than assumed, this would result in greater payments from the fund and consequently increases in the liabilities. The Group reviews salary increases and staff turnover assumptions on a regular basis to minimise the risk of using an inappropriate assumption.

Notes (continued)

19 Employee benefits (continued)

Balance sheet amounts

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Total \$000
Balance at 1 January 2020	405
Service costs	226
Interest cost	7
Total amount recognised in profit or loss	233
Loss from change in financial assumptions	65
Experience gain	(15)
Total amount recognised in other comprehensive income	50
Exchange differences	21
At 31 December 2020	709
Balance at 1 January 2021	709
Service costs	237
Interest cost	7
Total amount recognised in profit or loss	244
Loss from change in financial assumptions	(75)
Experience gain	(121)
Total amount recognised in other comprehensive income	(196)
Exchange differences	(54)
At 31 December 2021	703

Notes (continued)

19 Employee benefits (continued)

The net liability disclosed above relates to funded and unfunded plans as follows:

	2021 \$000	2020 \$000
Defined benefit obligation	703	709
Fair value of plan assets		
	<u>703</u>	<u>709</u>
Funded status	703	709
Defined benefit liability at end of period	<u>703</u>	<u>709</u>

The significant actuarial assumptions were as follows:

	2021 \$000	2020 \$000
Assumptions used for defined benefit obligation:		
Discount rate	1.55%	1.12%
Rate of salary increase	2.00%	2.00%
Assumptions used for net benefit expense:		
Discount rate	1.12%	1.56%

Notes (continued)

20 Share-based payments

The Group operates multiple share option plans, where membership varies depending on the contributor's country of residence and contribution.

Equity-settled share option plan: (1) Warrants

Under the Company plan, warrants are granted at a premium to the average price of the Company's shares at the award date. The grantee is entitled to these warrants as they complete service. Warrants are exercisable after a vesting period and/or in the case of an "Exit", IPO or after a period of 10 years from the date of grant. Warrants may be forfeited if the grantee ceases to contribute to the Company. Grantees pay a subscription price for these options equal to their fair value.

Equity-settled share option plan: (2) Enterprise Management Incentive (EMI)

Under the Company plan, EMI share options were granted at a premium to the average price of the Company's shares at the award date. The grantee becomes entitled to these EMI share options as they complete service, spread annually over 3-4 years from the award date (the "vesting period"). EMI Options are exercisable in the case of an "Exit", IPO or after a period of 10 years from the date of grant. EMI Options are not forfeited if the contributor leaves the Company as a good leaver, after they have vested. The size of the Company now exceeds the UK qualifying conditions, and so further grants under the original plan rules are not expected.

In 2018, a French sub-plan was established comprising Restrictive Stock Units (RSUs) issued at the nominal value of the shares under option. The RSUs are subject to a vesting period of 4 years.

Equity-settled share option plan: (3) Global scheme

Under the Company plan, options are granted at a premium to the average price of the Company's shares at the award date. The grantee becomes entitled to these share options as they complete service, spread annually over 3-4 years from the award date (the "vesting period"). Options are exercisable in the case of an "Exit", IPO or after a period of 10 years from the date of grant. Options are not forfeited if the contributor leaves the Company as a good leaver, after they have vested.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)	Number of options
	2021	2021	2020	2020
Outstanding at the beginning of the year	0.19	52,461,951	0.18	51,975,247
Forfeited during the year	0.38	(12,067,307)	0.3	(1,251,591)
Granted during the year	0.48	18,017,453	0.43	1,738,295
Lapsed during the year	0.44	(417,072)	=	=
Outstanding at the end of the year	0.22	57,995,025	0.19	52,461,951

No share options were exercised during the year.

The options outstanding at the year-end have an exercise price in the range of £0.047 to £0.66 and a weighted average contractual life of 5.4 years.

Notes (continued)

20 Share-based payments (continued)

The number and weighted average exercise prices of the Restricted Stock Units awarded in 2018 are as follows:

	Weighted average exercise price (\$) 2021	Number of options 2021	Weighted average exercise price (\$) 2020	Number of options 2020
Outstanding at the beginning of the year	0.00001	4,232,340	0.00001	8,464,682
Shares delivered during the year	0.00001	(2,645,215)	0.00001	(4,232,342)
Shares lapsed during the year	0.00001	(1,587,125)	-	-
Outstanding at the end of the year	0	0	0.00001	4,232,340

The RSUs are valued at the share price at the date of grant and the SBP charge spread evenly over the 4 year vesting period. Upon the departure of the recipient of the award from the business in 2021, any remaining charge relating to future entitled RSU's was accelerated.

Group and Company

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is a generally accepted method for valuing share options, with wide acceptance in the market. Many entities with share option plans use the Black-Scholes model to compute the fair value of their share awards, the consistent use of this model also enhances the comparability between entities.

	Awarded 2021	Awarded 2020
Weighted average share price (£)	0.48	0.43
Exercise price (£)	0.48-0.66	0.43
Expected volatility (%)	55.00	45.00
Expected life (years)	10	10
Risk free rate (%)	1.3	1.69

Expenses recognised in the year

	Group December 2021	December 2020	Company December 2021	December 2020
	\$000	\$000	\$000	\$000
Arising from equity settled share-based payment transactions	1,937	602	116	15

The expected volatility is based on the historical volatility of a peer group of companies, adjusted for any expected changes to future volatility due to publicly available information. The expected life is calculated based on the weighted average remaining life of the share options.

The EMI scheme and the Global scheme are granted under a service condition, there are no non-market performance conditions.

Notes (continued)

20 Share-based payments (continued)

The total expenses recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments are as follows:

	2021 \$000	2020 \$000
Equity settled share-based payment expense	1,937	602

21 Share capital – Group and Company

	2021 \$	2020 \$
Ordinary share capital		
Ordinary shares	1,081	1,047
Ordinary B shares	210	12
	<u>1,291</u>	<u>1,059</u>
Preference share capital		
A1 Preference shares	1,393	1,393
A2 Preference shares	834	834
A3-1 Preference shares	548	548
A3-2 Preference shares	457	457
A4 Preference shares	838	823
A4-1 Preference shares	-	1
	<u>4,070</u>	<u>4,056</u>

The Company's Ordinary and Ordinary B shares have attached to them full voting and dividend rights and capital distribution rights set out in article 3.1 of the Company's articles of association. They do not confer any rights of redemption.

The A1, A2, A3-1, A3-2, and A4 Preference shares have attached to them full voting and dividend rights and capital distribution rights set out in the Company's articles of association. They confer preferential rights in the event of a sale, a distribution of assets upon a liquidation or a return of capital. They do not confer any rights of redemption.

During the financial year, Ogury Limited issued 2,645,215 new Ordinary shares to a member of key management personnel under the RSU scheme.

In June 2021, Ogury declared an interim dividend to holders of ordinary B shares in the capital of the Company at a total cost of \$497k.

Share premium account

Share premium represents the amount of consideration received for the company's equity share capital in excess of the nominal value of shares issued.

Notes (continued)

21 Share capital – Group and Company (continued)

Share capital reduction

In April 2021, in order to create distributable reserves in advance of a proposed dividend payment, the Company reduced its share capital by cancelling and extinguishing capital and transferring the balance to reserves. The share premium reserve was therefore reduced from \$59.2m (£45.7m) to \$65k (£51k).

Increase of the nominal value of certain A4 Preference Shares and B Ordinary Shares

Two classes of shares had a nominal value of \$0.0000008 (£0.000000625) each as compared to the nominal value of \$0.00001 (£0.00001) each for the other classes of shares. In contemplation of any potential IPO of the Company (which would be likely to require a single class of ordinary shares of the same nominal value) and in order to simplify any re-classification of the share capital of the Company, the Company sought to increase the nominal value of certain A4 Preference Shares and B Ordinary Shares from a nominal value of £0.000000625 to £0.00001 each, so that each class of share of the Company has the same nominal value. In April 2021, this was implemented by the Company applying a credit to the Company's share premium account to capitalise and make a bonus issue (credited as fully paid) of 15 new A4 preference shares or B ordinary shares of £0.000000625 each for every one existing A4 preference share or B ordinary share of £0.000000625 each, and to then consolidate 16 A4 preference shares or B ordinary shares of £0.000000625 each into one A4 preference share or B ordinary share of £0.00001 each (resulting in only one A4 preference share or B ordinary share of £0.00001 each in issue).

Number of shares	Nominal value	31 December 2020	Issued	Bonus issue	Consolidation	31 December 2021
Ordinary shares	\$0.00001 (£0.00001)	84,721,121	2,645,214	-	-	87,366,335
Ordinary B shares	\$0.0000008 (£0.000000625)	15,252,510	-	228,787,650	(244,040,160)	-
Ordinary B Share	\$0.00001 (£0.00001)	-	-	-	15,252,510	15,252,510
A1 Preference	\$0.00001 (£0.00001)	112,857,000	-	-	-	112,857,000
A2 Preference	\$0.00001 (£0.00001)	66,978,700	-	-	-	66,978,700
A3-1 Preference	\$0.00001 (£0.00001)	39,412,564	-	-	-	39,412,564
A3-2 Preference	\$0.00001 (£0.00001)	34,748,300	-	-	-	34,748,300
A4 Preference	\$0.00001 (£0.00001)	64,686,730	-	-	1,059,490	65,746,220
A4-1 Preference	\$0.0000008 (£0.000000625)	1,059,490	-	15,892,350	(16,951,840)	-
Total		419,716,415	2,645,214	244,680,000	(244,680,000)	422,361,629

Number of shares	Nominal value	31 December 2019	Issued	Bonus issue	Consolidation	31 December 2020
Ordinary shares	\$0.00001 (£0.00001)	80,488,779	4,232,342	-	-	84,721,121
Ordinary B shares	\$0.0000008 (£0.000000625)	15,252,510	-	-	-	15,252,510
A1 Preference	\$0.00001 (£0.00001)	112,857,000	-	-	-	112,857,000
A2 Preference	\$0.00001 (£0.00001)	66,978,700	-	-	-	66,978,700
A3-1 Preference	\$0.00001 (£0.00001)	39,412,564	-	-	-	39,412,564
A3-2 Preference	\$0.00001 (£0.00001)	34,748,300	-	-	-	34,748,300
A4 Preference	\$0.00001 (£0.00001)	64,686,730	-	-	-	64,686,730
A4-1 Preference	\$0.0000008 (£0.000000625)	1,059,490	-	-	-	1,059,490
Total		415,484,073	4,232,342	-	-	419,716,415

Notes (continued)

22 Financial instruments

Group

The Board is charged with managing the various risk exposures.

(a) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Exposure to credit risk

The maximum exposure to credit risk as at 31 December 2021 is as follows:

	2021 \$000	2020 \$000
Trade receivables	50,853	69,346
Other receivables	3,125	2,406
	<u>53,978</u>	<u>71,752</u>

The Group believes that the carrying amounts of financial assets represent the maximum credit exposure. In relation to credit risk to financial institutions, the Group does have significant cash deposits, however the Board believes the associated exposure to credit risk to be minimal.

The Group applies IFRS 9 for recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

The Group manages customer credit risk through the use of credit reports and appropriate contractual documentation. Collections are tracked monthly and where payments are overdue appropriate action is taken on a timely basis. Ogury Inc. holds a credit insurance policy.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	Group \$000	Company \$000
Balance at 1 January 2020	306	223
Provision for expected credit losses	107	10
Balance at 1 January 2021	413	233
Provision for expected credit losses	91	24
Balance at 31 December 2021	504	257

Notes (continued)

22 Financial instruments (continued)

(b) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements and to invest funds securely and profitably.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

2021					
Carrying amount \$000	Contractual cash flows \$000	1 year or less \$000	1 to <2 years \$000	2 to <5 years \$000	5 years and over \$000
Non-derivative financial liabilities					
Finance lease liabilities	6,778	6,778	1,235	3,410	537
Bank loans	15,321	15,808	3,902	7,681	-
Factoring liabilities	8,160	8,160	-	-	-
Trade payables and other liabilities	44,447	44,447	-	-	-
	75,193	57,744	5,334	11,091	537

2020					
Carrying amount \$000	Contractual cash flows \$000	1 year or less \$000	1 to <2 years \$000	2 to <5 years \$000	5 years and over \$000
Non-derivative financial liabilities					
Finance lease liabilities	3,535	3,535	1,861	454	30
Bank loans	21,922	22,654	2,830	12,136	1,350
Factoring liabilities	6,607	6,607	-	-	-
Trade payables and other liabilities	44,428	44,428	-	-	-
	77,224	55,726	6,796	12,590	1,380

(c) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments

Notes (continued)

22 Financial instruments (continued)

Market risk - Foreign currency risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The Group manages this risk through natural hedging. The effect of fluctuations in exchange rates on USD, EUR, GBP and other currencies denominated trade receivables and payables is partially offset.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

31 December 2021

	Sterling \$000	Euro \$000	US Dollar \$000	Other \$000	Total \$000
Cash and cash equivalents	713	15,124	39,309	1,259	56,405
Trade receivables	3,482	23,251	22,612	1,508	50,853
Other current assets	2,201	9,216	1,168	2,745	15,330
Non-current assets	1	914	184	26	1,125
Secured bank loans	-	(15,321)	-	-	(15,321)
Factoring liabilities	-	(5,908)	(2,252)	-	(8,160)
Trade payables	(345)	(3,684)	(4,149)	(214)	(8,392)
Other liabilities	(11,384)	(17,077)	(5,014)	(2,580)	(36,055)
Lease liabilities	-	(5,680)	(1,098)	-	(6,778)
Total	(5,332)	835	50,760	2,744	49,007

31 December 2020

	Sterling \$000	Euro \$000	US Dollar \$000	Other \$000	Total \$000
Cash and cash equivalents	2,424	16,613	27,657	960	47,654
Trade receivables	4,118	19,135	44,561	1,532	69,346
Other current assets	2,851	6,239	925	1,309	11,324
Non-current assets	1	886	151	30	1,068
Secured bank loans	(2,730)	(19,192)	-	-	(21,922)
Factoring liabilities	-	(5,064)	(1,543)	-	(6,607)
Trade payables	(296)	(3,821)	(7,122)	(24)	(11,263)
Other liabilities	(3,968)	(15,074)	(12,152)	(1,972)	(33,166)
Lease liabilities	(456)	(1,462)	(1,617)	-	(3,535)
Total	1,944	(1,740)	50,860	1,835	52,899

Sensitivity analysis

A 1 percent weakening of the following currencies against the US Dollar at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 2020.

	2021 \$000	Equity 2020 \$000	2021 \$000	Profit or loss 2020 \$000
£	(53)	20	(53)	20
€	9	(11)	9	(11)

Notes (continued)

22 Financial instruments (continued)

A 1 percent strengthening of the above currencies against the US Dollar at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The average and period ended exchange rates are the followings:

In %	Year	Euro	Sterling
Average	2021	1.18	1.38
Average	2020	1.14	1.28
Spot	31/12/2021	1.13	1.35
Spot	31/12/2020	1.23	1.36

Market risk – Interest rate risk

Ogury France SAS have long term borrowings from BPI France and BNP Paribas, with effective rates from 0% to 2.65% and maturity up to 2025.

Ogury Italy has long term borrowings from Banco Nazionale Del Lavoro, with a variable interest rate and a maturity date of September 2025.

The Group believes that the interest rate risk to which the Group is exposed is minimal, accordingly the Group does not envisage hedging against this risk.

23 Fair value and carrying amount of financial assets and liabilities

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For our borrowings, the fair values are not materially different from their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The carrying amounts of trade payables and other liabilities are considered to be the same as their fair values, due to their short-term nature.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Notes (continued)

23 Fair value and carrying amount of financial assets and liabilities (continued)

As of 31 December 2021

(In \$ thousands)	Note	Mandatorily at FVTPL - Others	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total Fair Value	Carrying amount	Fair Value Level
Financial assets								
Non-current other assets	15	-	-	5,793	-	5,793	5,793	-
Trade receivables	15	-	-	50,853	-	50,853	50,853	-
Other current assets	15	-	-	8,990	-	8,990	8,990	-
Cash and cash equivalents	16	-	-	56,405	-	56,405	56,405	1
Carrying amount of financial assets by category		-	-	122,041	-	122,041	122,041	
Financial liabilities								
Secured bank loans	17	-	-	-	15,321	15,321	15,321	2
Factoring liabilities	17	-	-	-	8,160	8,160	8,160	2
Trade payables	18	-	-	-	8,392	8,392	8,392	-
Other liabilities	18	-	-	-	35,333	35,333	35,333	-
Carrying amount of financial liabilities by category		-	-	-	67,206	67,206	67,206	

As of 31 December 2020

(In \$ thousands)	Note	Mandatorily at FVTPL - Others	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total Fair Value	Carrying amount	Fair Value Level
Financial assets								
Non-current other assets	15	-	-	4,877	-	4,877	4,877	-
Trade receivables	15	-	-	69,346	-	69,346	69,346	-
Other current assets	15	-	-	6,923	-	6,923	6,923	-
Cash and cash equivalents	16	-	-	47,654	-	47,654	47,654	1
Carrying amount of financial assets by category		-	-	128,800	-	128,800	128,800	
Financial liabilities								
Secured bank loans	17	-	-	-	21,922	21,922	21,922	2
Factoring liabilities	17	-	-	-	6,607	6,607	6,607	2
Trade payables	18	-	-	-	11,263	11,263	11,263	-
Other liabilities	18	-	-	-	31,840	31,840	31,840	-
Carrying amount of financial liabilities by category		-	-	-	71,632	71,632	71,632	

Notes (continued)

24 Government Grants

On 27 March 2020, the US president signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act with retroactive effect. In the year ended 31 December 2021, Ogury Inc recognised a grant amounting to \$479k relating to The CARES Act. This Act provided an employee retention credit to employers that kept employees on their payroll despite facing an economic hardship due to COVID-19. All qualified wages were used to determine the amount of the employee retention credit afforded under the CARES Act per government orders from March 20, 2020 to December 31, 2020.

25 Commitments

The Group has not entered into any capital commitments as at the balance sheet date.

26 Related parties

Transactions with key management personnel

The compensation (including social security costs) of key management personnel including the Directors was \$6.2m, and \$5.5m for the years ended 31 December 2021 and 2020 respectively.

The compensation of key management personnel including the directors is as follows:

	2021 \$000	2020 \$000
Short term employee benefits	4,941	4,990
Post-employment benefits	202	18
Other long-term benefits		
Termination benefits	167	
Share based payments	876	459
	<u>6,186</u>	<u>5,467</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director	722	687
	<u>722</u>	<u>687</u>

Notes (continued)

27 Other reserves

Share-based payment reserve

The share-based payment reserve comprises of all movement arising on the multiple share option plans operated by the Group. At 31 December 2021 \$93k (2020: \$56k) was receivable by the Company from employees for the issuance of Company share options, under the warrants scheme.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

28 Change in presentational layout

Following a review of the Group's financial statements, it was noted that a change in the presentational layout of key primary statements would be more appropriate and in line with IAS 1 requirements. The change in presentation allows the information provided to be more reliable and more relevant to the users of the financial statements.

The change in presentation has impacted the Consolidated Statement of Income with operating expenses now split by function under the new headings of 'selling and distribution expenses', 'research and development expenses' and 'general and administrative expenses'. Cost of sales have been split out and a gross profit amount disclosed for both current and comparative periods. All foreign exchange amounts relating to financing activities have also been separated and recognised in 'Finance income and expense'. A separate Consolidated Statement of Comprehensive Income has been presented.

The faces of both the Consolidated and Company Balance Sheets have been updated to include current and non-current corporation tax receivables, non-current deferred tax assets, non-current financial assets and corporation tax payables. In previous periods all non-current balances were presented as long term items in the notes only.

It was also identified during the year that \$0.7m of employee benefit liabilities and \$0.6m of deferred tax liabilities were classified in the prior period as current rather than non-current. These balances have been correctly presented in these financial statements as non-current but given the size relative to the balance sheet, the directors do not believe that this constitutes a material prior period error.

The Consolidated Statement of Cash Flows has been adjusted to provide a more appropriate level of detail. There has been no impact to overall net income.

29 Contingent liability

A lawsuit was filed against Ogury Inc. in New York on 1st March 2021. Management consider that an economic outflow is possible, but not probable and that the amount of that outflow is not able to be reliably estimated at this time.

30 Subsequent events

There are no subsequent events.

31 Ultimate controlling party

The directors do not consider there to be an ultimate controlling party.