

REGISTERED NUMBER: 07479183 (England and Wales)

Outbrain UK Limited
Annual report and consolidated financial statements
31 December 2021



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Outbrain UK Limited
Company Information
for the Year Ended 31 December 2021

Directors: Y M Galai
A R Erlmeier (appointed 1 December 2021)
M J Kistler (resigned 1 December 2021)

Secretary: Abogado Nominees Limited

Registered office: 100 New Bridge Street
London
EC4V 6JA

Registered number: 07479183 (England and Wales)

Auditor: KPMG LLP
15 Canada Square
London
E14 5GL

**Strategic Report
for the Year Ended 31 December 2021**

The directors present their strategic report of Outbrain UK Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2021.

Review of business

Outbrain is an online content discovery platform that provides personalised content recommendations that appear as links to articles and videos on digital publishers' web pages and mobile applications.

The results of the Group for the year under review are set out on page 9.

Turnover for the year was £229,146,854 (2020: £184,244,678). The gross profit for the year was £42,501,442 (2020: £35,496,545). The net profit for the year was £7,247,799 (2020: £5,810,877) mainly due to the increase in operating margin (+0.8%) during the year to 4.1% (2020 3.3%).

The Company is a subsidiary of Outbrain Inc, a company incorporated in the United States of America.

During the year, Outbrain Inc allocated indirect costs relating to server, licences and marketing to Outbrain UK Limited totalling £7,726,038 (2020: £7,671,232). The Group has continued to grow its top line year on year and improved its gross margin, whilst remaining a leader in the online recommendation market.

The Group's main business objective is to win and retain clients and to service our clients to the very highest level of satisfaction. We endeavour to continue, on a number of fronts, to grow and succeed in: (i) delivery of high quality service, (ii) continuous improvements in client value-added service and productivity, and (iii) development and introduction of new products to our clients to stay ahead of competition.

Principal risks and uncertainties

The Group, in carrying out its business, faces a number of risks and uncertainties as detailed below.

Credit risk

The risk with respect to trade debtors is mitigated by a combination of the credit evaluations that we perform and the short duration of our payment terms for the significant majority of our customer contracts.

Foreign exchange risk

Our consolidated results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. A substantial majority of our turnover and cost of sales are denominated in Sterling, with the remainder in Euros and US Dollar. Our operating expenses are generally denominated in the currencies in which our operations are located, with the majority in Sterling. Foreign exchange risk therefore exists due to the potential for loss from exposure to foreign exchange rate fluctuations. Group policies are aimed at minimising this risk.

Market risk

The Group operates in a highly competitive market, and the continued development of technology has the ability to create new competition.

Failure of a critical IT system

The product offered to customers relies upon a complex system of IT infrastructure. Failure of this technology could negatively affect customers and the Company's brand.

Key performance indicators

The Group is monitored on a monthly basis specifically with regard to actual performance being compared to budget and forecast. The review is focused on the Group's three headline numbers being turnover, gross profit and net profit or loss.

Directors' emoluments

No directors exercised share options during the current and prior year.

**Strategic Report - continued
for the Year Ended 31 December 2021**

Future developments

On 5 January 2022, Outbrain UK Limited acquired Vi AG, a company registered in Switzerland which specialises in recommending video content on behalf of advertisers on publisher based websites. This acquisition enables Outbrain to enhance its current video offering in the marketplace, leverage demand for video content from current advertiser and publisher relationships as well as expand geographically into new markets such as Eastern Europe, where Vi has a strong presence.

In the coming year, we will continue to grow as our parent company develops and introduces new products to our new and existing clients whilst working and collaborating with clients and continuing to deliver a high level of customer care.

Going concern

During the year the Company made a profit after tax of £7,247,799 (2020: £5,810,877). At the balance sheet date, it held net current assets of £5,576,881 (2020 net current liabilities of: £1,936,371) and net assets of £5,781,049 (2020 net liabilities of: £1,805,393).

The Directors have prepared a forecast for 12 months from the date of approvals of these financial statements. As part of this cash flow forecast, sensitivity analysis was also carried out which considers different risk factors which could negatively impact the company's cashflow projections. On this basis, including taking potential risk factors into account, the Directors believe the company has adequate resources to continue in operational existence through at least the forecasted period including FY22 and FY23.

In FY22 Outbrain, like many businesses, has started to see the impact from the current macroeconomic conditions, with inflation, the war in Ukraine and wider supply chain issues all leading to slower business on the demand (advertiser) side of our business. Accordingly we revised our initial budget for FY22 in line with these changes in circumstance and we are currently on track to meet these revised targets. We expect to remain profitable for the full year. The Company's forecasts and projections show that the Company should be able to continue to operate as a going concern.

The Company continues to monitor its creditors and liabilities. As of 31 December 2021, the Company has sufficient cash in bank, which together with its forecasted cash flows will allow it to meet its obligations for a minimum of 12 month from the date of the approval of these financial statements.

Accordingly, the Company continues to adopt the going concern basis in preparing the annual report and accounts.

On behalf of the board:



A R Ermeier - Director

Date: 29 September 2022

**Directors' Report
for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2021.

Principal activity

The principal activity of the Group remained as an online content discovery platform that provides personalised content recommendations that appear as links to articles and videos on digital publishers' web pages and mobile applications. Outbrain generates revenue from marketers through user engagements with promoted content recommendations that we deliver across a variety of third-party publisher partner properties. We pay traffic acquisition costs to our publisher partners on whose digital property the recommendation is shown. Our market solutions are priced using a performance-based model based on the actual number of engagements, or clicks, generated by users. The actual number of engagements generated by users is highly dependent on our ability to generate trustworthy and interesting recommendations to individual users based on our proprietary algorithms.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: £nil).

Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors

The directors who held office during the year ended 31 December 2021 to the date of this report were as follows:

Y M Galai

A R Erlmeier (appointed 1 December 2021)

M J Kistler (resigned 1 December 2021)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board:



A R Erlmeier - Director

Date: 29 September 2022.

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2021**

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the 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 financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

**Independent Auditor's Report to the Members of Outbrain UK Limited
for the Year Ended 31 December 2021**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUTBRAIN UK LIMITED

Opinion

We have audited the financial statements of Outbrain UK Limited ("the Company") for the year ended 31 December 2021 which comprise Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated Cash Flow Statements 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 profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- 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.

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 company legal advisor, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and sales staff.
- 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.

**Independent Auditor's Report to the Members of Outbrain UK Limited
for the Year Ended 31 December 2021**

On this audit we do not believe there is a fraud risk related to revenue recognition because revenue constitutes a high volume of individually small transactions with little complexity or judgement.

We did not identify any additional fraud risks.

We performed procedures including:

Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual journals posted to cash and revenue accounts.

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, through discussion with the directors and other management (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.

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.

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 or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the 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 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.

**Independent Auditor's Report to the Members of Outbrain UK Limited
for the Year Ended 31 December 2021**

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.

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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.



George Awusu (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
29 September 2022

Outbrain UK Limited (Registered number: 07479183)

**Consolidated Profit and Loss Account and Other Comprehensive Income
for the Year Ended 31 December 2021**

	Notes	2021 £	2020 £
Turnover	2	229,146,854	184,244,678
Cost of sales		<u>(186,645,412)</u>	<u>(148,748,133)</u>
Gross profit		42,501,442	35,496,545
Administrative expenses		<u>(33,059,930)</u>	<u>(29,326,348)</u>
Operating profit	5	9,441,512	6,170,197
Interest receivable and similar income		<u>15,474</u>	<u>51,963</u>
Profit before taxation		9,456,986	6,222,160
Tax charge on profit	6	<u>(2,209,187)</u>	<u>(411,283)</u>
Profit for the financial year for the Group		<u><u>7,247,799</u></u>	<u><u>5,810,877</u></u>
Other comprehensive income			
Share based compensation reserve		(1,058,774)	(807,389)
Foreign currency translation reserve		<u>1,397,417</u>	<u>(772,073)</u>
Other comprehensive income/(loss) for the year, net of income tax		<u>338,643</u>	<u>(1,579,462)</u>
Total comprehensive income for the year		<u><u>7,586,442</u></u>	<u><u>4,231,415</u></u>
Profit attributable to: Owners of the parent		<u><u>7,586,442</u></u>	<u><u>4,231,415</u></u>

The result in both years relate to continuing operations.

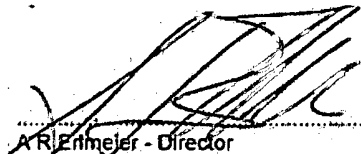
Notes on the pages 15 to 27 form an integral part of these statements

Consolidated Balance Sheet at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	8	203,314	130,124
Investments	9	<u>854</u>	<u>854</u>
		<u>204,168</u>	<u>130,978</u>
Current assets			
Debtors			
(including £4,321,372 (2020: £2,190,150) due after more than one year)	10	58,656,142	49,693,515
Cash at bank and in hand	20	<u>22,310,039</u>	<u>10,683,942</u>
		80,966,181	60,377,457
Creditors			
Amounts falling due within one year	11	<u>(75,389,300)</u>	<u>(62,313,828)</u>
Net current assets/(liabilities)		<u>5,576,881</u>	<u>(1,936,371)</u>
Net assets/(liabilities)		<u>5,781,049</u>	<u>(1,805,393)</u>
Capital and reserves			
Called up share capital	13	2,000,000	2,000,000
Foreign exchange reserve	14	787,234	(610,183)
Share based compensation reserve	14	(731,690)	327,084
Profit and loss account	14	<u>3,725,505</u>	<u>(3,522,294)</u>
Shareholders' funds/(deficit)	17	<u>5,781,049</u>	<u>(1,805,393)</u>

Notes on the pages 15 to 27 form an integral part of these statements

The financial statements were approved by the Board of Directors on 29 September 2022 and were signed on its behalf by:


A.R. Enmejer - Director


Outbrain UK Limited (Registered number: 07479183)

Company Balance Sheet at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	8	193,286	115,041
Investments	9	<u>264,309</u>	<u>195,775</u>
		<u>457,595</u>	<u>310,816</u>
Current assets			
Debtors			
<i>(including £4,303,557 (2020: £2,119,134)</i>			
<i>due after more than one year)</i>	10	58,659,879	49,662,398
Cash at bank and in hand	20	<u>22,127,511</u>	<u>10,523,875</u>
		80,787,390	60,186,273
Creditors			
Amounts falling due within one year	11	<u>(75,355,691)</u>	<u>(62,472,937)</u>
Net current assets/(liabilities)		<u>5,431,699</u>	<u>(2,286,664)</u>
Net assets/(liabilities)		<u>5,889,294</u>	<u>(1,975,848)</u>
Capital and reserves			
Called up share capital	13	2,000,000	2,000,000
Foreign exchange reserve	14	448,761	(960,188)
Share based compensation reserve	14	(491,679)	288,634
Profit and loss account	14	<u>3,932,212</u>	<u>(3,304,294)</u>
Shareholders' funds/(deficit)	17	<u>5,889,294</u>	<u>(1,975,848)</u>

Notes on the pages 15 to 27 form an integral part of these statements

The financial statements were approved by the Board of Directors on 29 September 2022 and were signed on its behalf by:


A.R. Ennemer - Director

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital £	Profit & loss account £	Foreign exchange reserve £	Share based compensation £	Total equity £
Balance at 1 January 2020	2,000,000	(9,333,171)	161,890	1,134,473	(6,036,808)
Changes in equity					
Loss for the year	-	5,810,877	-	-	5,810,877
Other comprehensive income	-	-	(772,073)	(807,389)	(1,579,462)
Balance at 31 December 2020	<u>2,000,000</u>	<u>(3,522,294)</u>	<u>(610,183)</u>	<u>327,084</u>	<u>(1,805,393)</u>
Changes in equity					
Profit for the year	-	7,247,799	-	-	7,247,799
Other comprehensive income	-	-	1,397,417	(1,058,774)	338,643
Balance at 31 December 2021	<u>2,000,000</u>	<u>3,725,505</u>	<u>787,234</u>	<u>(731,690)</u>	<u>5,781,049</u>

Notes on the pages 15 to 27 form an integral part of these statements

**Company Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital £	Profit & loss account £	Foreign exchange reserve £	Share based compensation £	Total equity £
Balance at 1 January 2020	2,000,000	(9,104,179)	(192,144)	1,817,858	(5,478,465)
Changes in equity					
Loss for the year	-	5,799,885	-	-	5,799,885
Other comprehensive income	-	-	(768,044)	(1,529,224)	(2,297,268)
Balance at 31 December 2020	<u>2,000,000</u>	<u>(3,304,294)</u>	<u>(960,188)</u>	<u>288,634</u>	<u>(1,975,848)</u>
Changes in equity					
Profit for the year	-	7,236,506	-	-	7,236,506
Other comprehensive income	-	-	1,408,949	(780,313)	628,636
Balance at 31 December 2021	<u>2,000,000</u>	<u>3,932,212</u>	<u>448,761</u>	<u>(491,679)</u>	<u>5,889,294</u>

Notes on the pages 15 to 27 form an integral part of these statements

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2021**

		2021 £	2020 £
Cash flows from operating activities			
Cash generated/(absorbed) by operations	19	13,445,768	2,708,556
Taxes paid		<u>(2,174,466)</u>	<u>(161,447)</u>
Net cash generated by operating activities		<u>11,271,302</u>	<u>2,547,109</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(223,825)	(49,381)
Proceeds from disposal of tangible fixed assets		28,303	51,921
Interest and other income received		<u>15,474</u>	<u>51,963</u>
Net cash (absorbed)/generated by investing activities		<u>(180,048)</u>	<u>54,503</u>
Net increase in cash and cash equivalents		11,091,254	2,601,612
Cash and cash equivalents at beginning of year	20	<u>10,683,942</u>	<u>8,095,967</u>
Effect of exchange rate fluctuations on cash held		<u>534,843</u>	<u>(13,637)</u>
Cash and cash equivalents at end of year	20	<u><u>22,310,039</u></u>	<u><u>10,683,942</u></u>

Notes on the pages 15 to 27 form an integral part of these statements

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2021**

1. **Accounting policies**

Outbrain UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 102 applicable with UK and the Republic of Ireland.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Measurement Convention

The financial statements are prepared on an historical cost basis.

Going concern

During the year the Company made a profit after tax of £7,247,799 (2020: £5,810,877). At the balance sheet date, it held net current assets of £5,576,881 (2020 net current liabilities of: £1,936,371) and net assets of £5,781,049 (2020 net liabilities of: £1,805,393).

The Directors have prepared a forecast for 12 months from the date of approvals of these financial statements. As part of this cash flow forecast, sensitivity analysis was also carried out which considers different risk factors which could negatively impact the company's cashflow projections. On this basis, including taking potential risk factors into account, the Directors believe the company has adequate resources to continue in operational existence through at least the forecasted period including FY22 and FY23.

In FY22 Outbrain, like many businesses, has started to see the impact from the current macroeconomic conditions, with inflation, the war in Ukraine and wider supply chain issues all leading to slower business on the demand (advertiser) side of our business. Accordingly we revised our initial budget for FY22 in line with these changes in circumstance and we are currently on track to meet these revised targets. We expect to remain profitable for the full year. The Company's forecasts and projections show that the Company should be able to continue to operate as a going concern.

The Company continues to monitor its creditors and liabilities. As of 31 December 2021, the Company has sufficient cash in bank, which together with its forecasted cash flows will allow it to meet its obligations for a minimum of 12 month from the date of the approval of these financial statements.

Accordingly, the Company continues to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Revenue in respect of content recommendations and promoted content is recognised when the Company obtains the right to consideration exchange for its performance which is based on click through rates on a pay-per-click basis. The Company places its content discovery platform on internet publishers' websites; as users click through on the recommended content, or promoted content, the platform records a click, which generates chargeable revenue from the content provider. Content recommendation and promoted content revenues are recorded net of value added tax.

Financial instruments

i) **Trade and other debtors/creditors**

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

ii) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

Tangible fixed assets

Tangible fixed assets are recorded at historical cost less accumulated depreciation. Cost comprises the purchase price and any costs directly attributable to bringing the asset to its working condition and location for its intended use. Depreciation is provided at the following annual rates in order to write down the cost of each asset to its estimated residual value over its estimated useful life:

Computer equipment	2 years straight line
Fixtures and fittings	3 years straight line
Leasehold Improvements	Straight line over the remaining period of the lease

Tax and deferred tax

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

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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The results of the Group's foreign operations are translated at the average rates of exchange during the period and its balance sheet at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of the operation are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

Operating lease

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions payable to the Group's pension scheme are charged to the profit and loss account in the period to which they relate.

Share based payments

The Company issues equity-settled share options and restricted stock units of the Company's ultimate parent company to certain employees within the Group. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value of options is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value of the Company's restricted stock units is the fair value of the Company's common stock on the date of grant.

As the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group.

Investments

Investments held as fixed assets are stated at cost. Income from investments is recorded in the profit and loss account when the right to receive that income has been confirmed.

2. **Turnover**

The turnover and results for the year are attributable to the one principal activity of the Group.

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
United Kingdom	16,848,036	16,458,211
Europe	203,276,297	161,638,187
United States of America	1,305,003	1,574,747
Rest of World	<u>7,717,518</u>	<u>4,573,533</u>
	<u>229,146,854</u>	<u>184,244,678</u>

Turnover generated through the United Kingdom but promoted on publishers across the world is recognised within United Kingdom above.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

3. **Staff costs**

	2021 £	2020 £
Wages and salaries	14,305,575	12,736,065
Social security costs	2,031,074	1,693,055
Other pension costs	<u>491,554</u>	<u>407,210</u>
	<u>16,828,203</u>	<u>14,836,330</u>

The cost of contributions to the defined contribution schemes for the year was £491,554 (2020: £407,210). Pension contribution costs accrued, but not paid at the end of the year amounted to £45,393 (2020: £41,577).

The average monthly number of employees during the year was as follows:

	2021	2020
General and administrative	31	27
Sales and marketing	<u>115</u>	<u>111</u>
Total average employees	<u>146</u>	<u>138</u>

4. **Directors' emoluments**

The directors are remunerated by the parent entity, Outbrain Inc. The estimated proportion of their remuneration attributable to the Group and these accounts are considered immaterial.

No directors exercised share options during the year (2021 – nil).

5. **Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Other operating leases	516,703	492,715
Depreciation - owned assets	116,990	153,963
Loss on disposal of fixed assets	-	1,326
Auditor's remuneration	85,000	55,000
Share based payment compensation	1,731,700	144,262
Net foreign exchange loss	<u>313,977</u>	<u>2,835,372</u>

6. **Taxation**

Analysis of the tax (credit)/charge:

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	2021 £	2020 £
Current tax		
UK corporation tax	767,248	(14,081)
Adjustments in respect of prior periods	(79,961)	-
Foreign corporation tax	1,001,475	955,833
Adjustments in respect of prior periods - Foreign tax	<u>15,505</u>	<u>217,842</u>
	<u>1,704,267</u>	<u>1,159,594</u>
Deferred tax		
Origination and reversal of timing differences	436,876	(707,710)
Adjustments in respect of prior periods	150,210	(40,601)
Impact of change of tax rates	<u>(82,166)</u>	<u>-</u>
	<u>504,920</u>	<u>(748,311)</u>
Total current tax	<u>2,209,187</u>	<u>411,283</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021**

6. Taxation - continued

The tax assessed on the profits for the period is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on activities before tax	<u>9,456,986</u>	<u>6,222,160</u>
Income tax at the UK tax rate of 19%	1,796,827	1,182,210
Non-deductible expenses	(110,811)	8,053
Foreign tax	1,057,953	1,173,675
Difference in foreign tax rates	(9,907)	(25,321)
Change in tax rate – deferred tax	(82,166)	(203,607)
Prior year adjustments – deferred tax	150,210	91,130
Unrecognised deferred tax	512,999	(916,046)
Adjustments to tax in respect of prior years	(79,961)	-
Foreign tax credits - utilised in UK	(515,104)	(81,339)
Foreign tax credits - carried forward	(512,999)	(814,614)
Other	2,146	(2,858)
	<u>2,209,187</u>	<u>411,283</u>
Tax on profit/(loss) on ordinary activities		

Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 3 March 2021, was substantively enacted on 10 June 2021, whereby the rate applicable from 1 April 2023 will increase to 25% from the currently enacted tax rate of 19%. The deferred tax liability at 31 December 2021 has been calculated using a 22.5% tax rate to reflect the fact that certain deferred tax assets are expected to be realized at the 25% tax rate applicable from 1 April 2023.

On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 December 2021.

7. Profit for the financial year of the Company

Section 408 of the Companies Act 2006 permits that, where Group financial statements are prepared in accordance with this legislation, the individual profit and loss account of the Company need not be presented. The Company's profit for the financial year was £7,236,506 (2020s: £5,799,885).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

8. Tangible fixed assets

Group	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
At 1 January 2021	175,549	201,813	415,914	793,276
Additions	38,805	36,266	148,754	223,825
Disposals	(4,468)	(13,911)	(37,065)	(55,444)
Exchange differences	<u>(3,055)</u>	<u>(10,827)</u>	<u>(13,498)</u>	<u>(27,380)</u>
At 31 December 2021	<u>206,831</u>	<u>213,341</u>	<u>514,105</u>	<u>934,277</u>
Depreciation	£	£	£	£
At 1 January 2021	95,398	183,469	384,285	663,152
Charge for year	32,952	16,300	67,738	116,990
Eliminated on disposal	(4,345)	(13,528)	(9,268)	(27,141)
Exchange differences	<u>(444)</u>	<u>(3,472)</u>	<u>(18,122)</u>	<u>(22,038)</u>
At 31 December 2021	<u>123,561</u>	<u>182,769</u>	<u>424,633</u>	<u>730,963</u>
Net book value				
At 31 December 2021	<u>83,270</u>	<u>30,572</u>	<u>89,472</u>	<u>203,314</u>
At 31 December 2020	<u>80,151</u>	<u>18,344</u>	<u>31,629</u>	<u>130,124</u>
Company				
	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
At 1 January 2021	170,762	176,314	371,316	718,392
Additions	38,805	36,266	137,383	212,454
Disposals	-	-	(26,542)	(26,542)
Exchange differences	<u>(2,736)</u>	<u>(9,128)</u>	<u>(10,527)</u>	<u>(22,391)</u>
At 31 December 2021	<u>206,831</u>	<u>203,452</u>	<u>471,630</u>	<u>881,913</u>
Depreciation				
At 1 January 2021	91,186	170,378	341,787	603,351
Charge for year	32,873	10,898	61,676	105,447
Eliminated on disposal	-	-	(438)	(438)
Exchange differences	<u>(1,531)</u>	<u>(8,845)</u>	<u>(9,357)</u>	<u>(19,733)</u>
At 31 December 2021	<u>122,528</u>	<u>172,431</u>	<u>393,668</u>	<u>688,627</u>
Net book value				
At 31 December 2021	<u>84,303</u>	<u>31,021</u>	<u>77,962</u>	<u>193,286</u>
At 31 December 2020	<u>79,576</u>	<u>5,936</u>	<u>29,529</u>	<u>115,041</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

9. **Fixed asset investments**
Group

	Unlisted investments £
Cost	
At 1 January 2021	854
Additions	-
At 31 December 2021	<u>854</u>
Net book value	
At 31 December 2021	<u>854</u>
At 31 December 2020	<u>854</u>

Outbrain UK Limited holds a 1% share in Outbrain Services Monetização de Conteúdo Ltda, a company incorporated in Brazil and registered at Rua Leopoldo Couto de Magalhães Jr., 758-11°, CEP 04534-040, São Paulo. Outbrain Inc, a company incorporated in the United States of America, holds the remaining 99%.

Company

	Unlisted investments £
Cost	
At 1 January 2021	195,775
Additions	<u>68,534</u>
At 31 December 2021	<u>264,309</u>
Net book value	
At 31 December 2021	<u>264,309</u>
At 31 December 2020	<u>195,775</u>

Outbrain UK Limited hold a 100% share in Outbrain Spain S.L., a company incorporated in Spain and registered at Ronda General Mitre, 28-30, Barcelona 08017.

Outbrain UK Limited hold a 100% share in Outbrain Germany GmbH., a company incorporated in Germany and registered at Oberanger 28, 80331, Munich, Germany.

The directors have considered the carrying value of the investment for both the Group and Company through review of the forecasts of the business and the net assets of the entities. Following this exercise, they do not believe any impairments are required. The increase in investments by the Company is related to share-based payment transactions.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

10. Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	40,971,533	37,695,976	40,971,631	37,695,976
Amounts owed by group undertakings	7,056,279	2,892,451	7,056,279	2,975,504
Other debtors	517,761	282,678	519,788	282,678
Prepayments	4,914,090	6,256,508	4,913,390	6,242,025
VAT	645,216	375,752	729,576	347,081
Corporation Tax	229,891	-	165,658	-
	<u>54,334,770</u>	<u>47,503,365</u>	<u>54,356,322</u>	<u>47,543,264</u>
Amounts falling due after more than one year:				
Deferred tax asset	286,380	794,194	286,380	748,311
Other debtors	4,034,992	1,395,956	4,017,177	1,370,823
	<u>4,321,372</u>	<u>2,190,150</u>	<u>4,303,557</u>	<u>2,119,134</u>
	<u>58,656,142</u>	<u>49,693,515</u>	<u>58,659,879</u>	<u>49,662,398</u>
Total debtors				

Deferred tax asset

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Allowance for doubtful accounts	179,972	183,569	179,972	183,569
Stock based compensation	133,776	307,973	133,776	272,643
Foreign tax credit carried forward	1,327,612	814,614	1,327,612	814,614
Net operating loss carried forward	-	302,268	-	302,268
Accruals and other timing differences	(27,368)	384	(27,368)	(10,169)
Valuation Allowance	(1,327,612)	(814,614)	(1,327,612)	(814,614)
	<u>286,380</u>	<u>794,194</u>	<u>286,380</u>	<u>748,311</u>
Deferred tax asset				

11. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	23,580,971	20,601,960	23,381,614	20,513,783
Amounts owed by group undertakings	10,171,185	3,808,680	10,541,155	4,121,349
Corporation tax	-	243,200	-	277,099
Social security and other taxes	1,235,682	368,002	1,093,356	275,464
Other creditors	1,510,960	1,472,064	1,509,122	1,472,064
Accruals	38,890,502	35,819,922	38,830,444	35,813,178
	<u>75,389,300</u>	<u>62,313,828</u>	<u>75,355,691</u>	<u>62,472,937</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

12. Operating lease commitments

The following operating lease payments are committed to be paid:

Group

	Leases on property	
	2021	2020
	£	£
Within one year	730,085	590,890
Between one and five years	368,139	839,894
More than five years	-	-
	<u>1,098,224</u>	<u>1,430,784</u>

Company

	Leases on property	
	2021	2020
	£	£
Within one year	596,715	575,517
Between one and five years	273,578	839,894
More than five years	-	-
	<u>870,293</u>	<u>1,415,411</u>

13. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
2,000,000	Ordinary	£1	<u>2,000,000</u>	<u>2,000,000</u>

14. Reserves

Company

	Profit and loss account £	Foreign exchange reserve £	Share based compensation reserve £	Totals £
At 1 January 2021	(3,522,294)	(610,183)	327,084	(3,975,848)
Profit for the year	7,247,799	-	-	7,236,506
Share based compensation reserve	-	-	(1,058,774)	(780,313)
Foreign currency translation reserve	-	1,397,417	-	1,408,949
At 31 December 2021	<u>3,725,505</u>	<u>787,234</u>	<u>(731,690)</u>	<u>3,889,294</u>

Company

	Profit and loss account £	Foreign exchange reserve £	Share based compensation reserve £	Totals £
At 1 January 2021	(3,304,294)	(960,188)	288,634	(3,975,848)
Profit for the year	7,236,506	-	-	7,236,506
Share based compensation reserve	-	-	(780,313)	(780,313)
Foreign currency translation reserve	-	1,408,949	-	1,408,949
At 31 December 2021	<u>3,932,212</u>	<u>448,761</u>	<u>(491,679)</u>	<u>3,889,294</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

15. Ultimate parent company and controlling party

Outbrain Inc (incorporated in United States of America) is regarded by the directors as being the Company's ultimate parent company and controlling party. Both the highest and lowest levels at which the results of the Group are consolidated are in the accounts of Outbrain Inc. On 23 July 2021, Outbrain Inc became a public listed company, trading on the Nasdaq market on the New York Stock Exchange. Outbrain Inc is registered at 615 South DuPont Highway, Dover, Delaware 19901.

16. Related party disclosures

The aggregate value of related party transactions during the year are as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
<i>Net receivables invoiced to customers on behalf of:</i>				
Outbrain Inc	1,064,996	18,346,137	1,064,996	18,346,137
Ligatus GmbH	3,025,412	7,594,252	3,025,412	7,594,252
<i>Net payables invoiced to customers on behalf of:</i>				
Ligatus GmbH	-	-	-	-
Outbrain Services Monetização de Conteúdo Ltda	273,427	324,870	273,427	324,870
Outbrain Japan KK	960,676	792,250	960,676	792,250
<i>Cost allocated from parent company:</i>				
Outbrain Inc	7,726,038	7,671,232	7,726,038	7,671,232
<i>Interest received on inter-company loan:</i>				
Outbrain Inc	15,676	29,454	15,676	29,454
<i>Increase on inter-company loan receivable:</i>				
Outbrain Inc	-	4,993,435	-	4,993,435
<i>Expenses paid for on behalf of:</i>				
Outbrain Inc	-	394,754	-	394,754
Ligatus GmbH	410,630	-	410,630	-
Outbrain Services Monetização de Conteúdo Ltda	-	865	-	865
Zemanta Holdings	1,746,503	45,380	1,746,503	45,137
Outbrain Italy	482,668	1,925,772	482,668	1,925,772
Outbrain Australia PTY Ltd	15	-	15	-
<i>Expenses payable to:</i>				
Ligatus GmbH	-	6,322,288	-	6,207,224
Outbrain Australia PTY Ltd	-	324	-	324
Outbrain Inc	85,264	394,754	85,264	394,754
<i>Charges receivable for the use of IP:</i>				
Ligatus GmbH	2,304,552	7,182,555	2,304,552	7,182,555
<i>Charges payable for the use of IP:</i>				
Outbrain Inc	11,337,493	7,447,601	11,337,493	7,447,601
<i>Payables related to SBC charges:</i>				
Outbrain Inc	3,376,282	979,379	3,376,282	979,379

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

16. Related party disclosures - continued

The aggregate value of related party outstanding debtors/(creditors) at year end are as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Outbrain Inc	(5,274,380)	2,817,807	(5,269,146)	2,817,807
Ligatus GmbH	5,237,199	(503,395)	5,237,199	(503,395)
Outbrain Services Monetização de Conteúdo Ltda	(1,265,118)	(991,691)	(1,265,118)	(991,691)
Outbrain Israel Ltd	(55,352)	(52,728)	(55,352)	(52,728)
Outbrain Japan KK	(1,285,847)	(325,171)	(1,285,847)	(325,171)
Outbrain Australia PTY Ltd	4,485	4,470	4,485	4,470
Outbrain Singapore Pte. Ltd	(9,833)	(9,923)	(9,833)	(9,923)
Zemanta Holdings	1,814,596	70,174	1,814,596	69,967
Outbrain Germany GmbH				83,260
Outbrain Italy Srl	(2,280,656)	(1,925,772)	(2,280,656)	(1,923,015)
Outbrain Spain SL			(375,204)	(315,426)
	<u>(3,114,906)</u>	<u>(916,229)</u>	<u>(3,484,876)</u>	<u>(1,145,845)</u>

17. Reconciliation of movements in shareholders' funds/(deficit)

Group

	2021 £	2020 £
Profit for the financial year	7,247,799	5,810,877
Share based compensation reserve	(1,058,774)	(807,389)
Foreign exchange reserve	<u>1,397,417</u>	<u>(772,073)</u>
Net increase to shareholders' funds	7,586,442	4,231,415
Opening shareholders' deficit	<u>(1,805,393)</u>	<u>(6,036,808)</u>
Closing shareholders' funds/(deficit)	<u>5,781,049</u>	<u>(1,805,393)</u>

Company

	2021 £	2020 £
Profit for the financial year	7,236,506	5,799,885
Share based compensation reserve	(780,313)	(1,529,224)
Foreign exchange reserve	<u>1,408,949</u>	<u>(768,044)</u>
Net increase to shareholders' funds	7,865,142	3,502,617
Opening shareholders' deficit	<u>(1,975,848)</u>	<u>(5,478,465)</u>
Closing shareholders' funds/(deficit)	<u>5,889,294</u>	<u>(1,975,848)</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

18. Share-based payment transactions

The Group adopted share option plans to benefit the shareholders of Outbrain Inc and to align the interests of such employees with those of the Company's shareholders.

New employee share options and restricted stock unit (RSU) awards have vesting terms of 25% after 1 year and the balance in equal monthly instalments over the next 36 months thereafter. Refreshments and anniversary share options vest quarterly over 48 months. IPO share options, RSU's and restricted stock awards (RSA) vested upon the Company's IPO in July 2021, based on the requisite service period that has been met to date.

143 (2020: 189) employees benefit from the plans. The movements to 31 December 2020 and to 31 December 2021 are shown below:

	Options Number	Outstanding Weighted Average Exercise Price
Outstanding as at 31 December 2019	561,125	\$5.85
Granted	-	-
Exercised	(109,893)	\$1.45
Cancelled	(17,717)	\$7.91
Outstanding as at 31 December 2020	433,515	\$6.88
Exercisable at 31 December 2020	393,016	\$6.80
	Options Number	Outstanding Weighted Average Exercise Price
Outstanding as at 31 December 2020	433,515	\$6.88
Granted	-	-
Exercised	(203,343)	\$5.94
Cancelled	(16,071)	\$7.25
Outstanding as at 31 December 2021	214,101	\$7.75
Exercisable at 31 December 2021	212,901	\$7.75
	RSU Number	Outstanding Weighted Average Grant Date Fair Value
Outstanding as at 31 December 2019	95,295	\$9.73
Granted	195,147	\$10.95
Vested	-	\$10.82
Cancelled	(1,442)	\$10.95
Outstanding as at 31 December 2020	289,000	\$10.52
	RSU Number	Outstanding Weighted Average Grant Date Fair Value
Outstanding as at 31 December 2019	289,000	\$10.52
Granted	73,232	\$13.04
Vested	(136,143)	\$10.14
Cancelled	(15,729)	\$11.16
Outstanding as at 31 December 2020	210,360	\$11.61

In addition to the above awards, 111,909 RSA's with a weighted-average exercise price of \$3.78 vested upon the parent company's IPO in July 2021.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

19. Reconciliation of operating profit to net cash flow from operating activities

	2021	2020
	£	£
Operating profit	9,441,512	6,170,197
Depreciation charges	116,990	153,963
Loss on disposal of fixed assets	-	1,326
Unrealised foreign currency exchange rate loss/(gain)	867,915	(758,305)
(Decrease) in share-based compensation	(1,058,774)	(807,389)
(Increase) in debtors	(9,240,549)	(9,751,679)
Increase in creditors	13,318,674	7,700,443
Net cash inflow from operating activities	13,445,768	2,708,556

20. Cash and cash equivalents

The amounts disclosed on the Consolidated cash flow statement in respect of cash and cash equivalents are in respect of these Balance sheet amounts:

Group

	2021	2020
	£	£
Cash and cash equivalents	22,310,039	10,683,942

Company

	2021	2020
	£	£
Cash and cash equivalents	22,127,511	10,523,875

21. Post balance sheet events

On 5 January 2022, Outbrain UK Limited acquired Vi AG, a company registered in Switzerland which specialises in recommending video content on behalf of advertisers on publisher-based websites.