



# ANNUAL REPORT & ACCOUNTS 2021





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## CEO's Letter

# James Draper

## 2021 was a momentous year for Bidstack.

Landing two transformational deals at the end of the year has substantiated our strategy and given the business clarity of focus and a supportive partner to grow with.

Securing a two-year deal worth \$30 million of guaranteed revenue for our media business driven by a third party sales team allows the Company to now turn its attention to multiple other use-cases for our software.

The business has gone from generating £140k revenue from test spends in 2019 to signing a minimum c.£21m (\$30 million) revenue deal over two years in 2021. The market is becoming more established from a media-buying perspective.

Throughout 2021, there was an increased focus on the quality of Bidstack revenues, which is reflected in our gross margin expansion delivered through advertising campaigns, which is now consistently above 30%. Within our media business, we've looked to deliver campaigns across a diversified portfolio of titles, ranging from high definition photo-real simulations to casual games. The growing breadth, depth and scale of our inventory captures a wider addressable audience.

The Internet Advertising Bureau and Media Rating Council are pushing towards in-gameplay advertising becoming fully standardised in 2022, which will see our industry fully recognised, for the first time.

The Directors expect that always-on 'open marketplace deals' will deliver a revenue step-change in our industry and for our publishers looking for innovative monetisation solutions. This wouldn't be possible without the hard work our commercial and product teams have put into educating the advertising and video gaming communities over the last three years.

We've taken a look at how the business and our industry could look in 2025 and beyond. We are in ongoing conversations surrounding granting access to our



platform for non-media sales use, which leans heavily into the unique insight our business has, from a data perspective, on the video gaming landscape.

The outcome of current technical development work is expected to result in our business soon having access to software-as-a-service revenue which is over and above our media-sales revenues. Over time this is intended to diversify Bidstack's exposure away from any single revenue stream.

Active cost management has been a focus, to ensure we are broadly in line with market expectations, whilst protecting longer-term shareholder value by investing appropriately in a megatrend market. We enter 2022 in a well capitalised position.

Forecasting has always been a challenge for a company where the infancy of our market has meant providing certainty over revenue trajectory has been difficult. However, the deals we concluded before the end of 2021, enable the Company to plan with a greater deal of accuracy than has been possible before.

We are clear from the deals we have won that our software platform offering is at the leading edge of the in-game advertising industry and we believe that, as a business, we are generating revenues from authentic advertising campaigns at a prominent rate.

The market is beginning to mature and the interest in our technology gives us great motivation going into 2022 and beyond.

[James.](#)

## Market Opportunity

# Large and Expanding Addressable Market

The Directors believe Bidstack is positioned attractively to capture scalable growth from several addressable markets. Immediate commercial opportunities are evident from game developers using Bidstack to drive sustainable monetisation solutions driven by advertisers capturing a growing addressable market and shift in advertising spend from traditional media solutions towards the venues where consumers actually spend their time. The medium to longer term growth drivers are underpinned by capturing a share of global enterprise software spend, where scalable solutions that create efficiency for key stakeholders in the gaming ecosystem are delivered through reporting, data, analytics and dynamic content management.

Engagement levels thriving in the gaming ecosystem

### 2021 global games market (US \$)



Newzoo | Source: Global Games Market Report (January 2021)

## 2021 global games market (US \$)



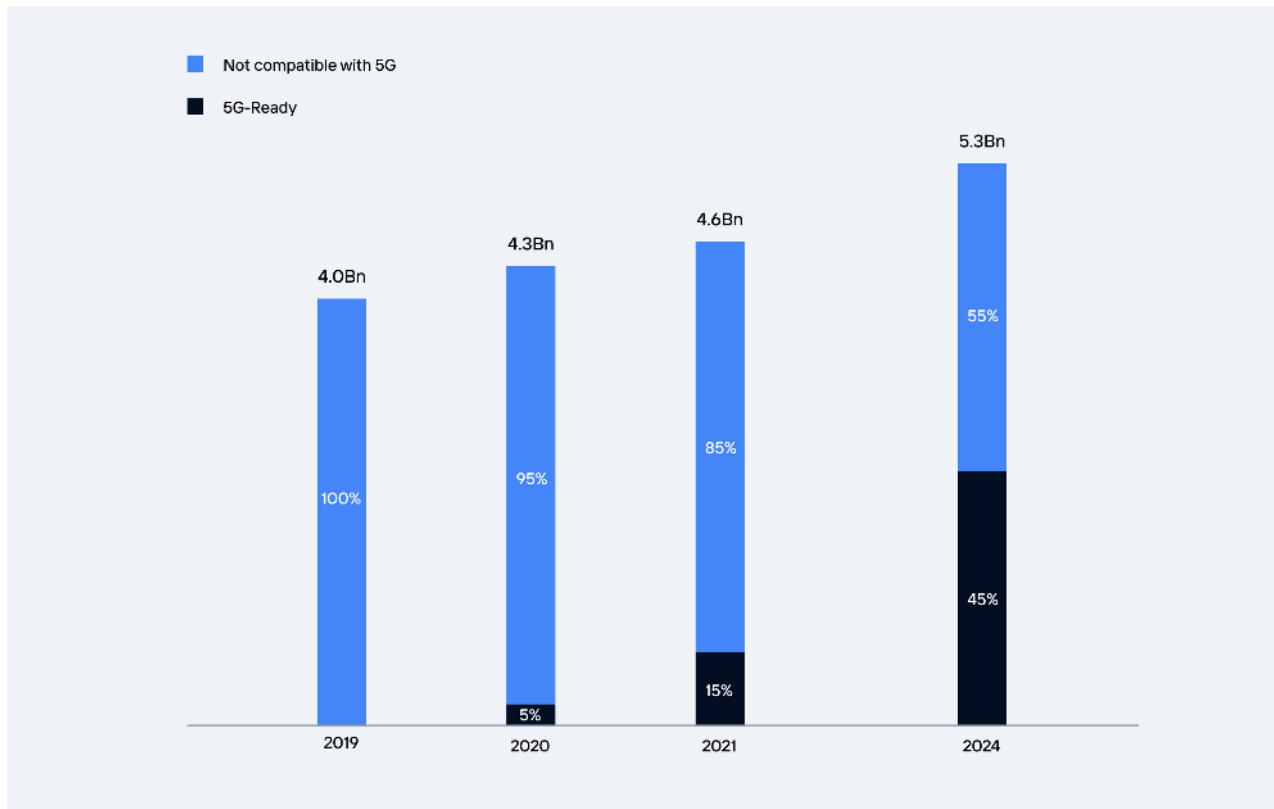
Newzoo | Source: Global Games Market Report (January 2021)

As per Newzoo's projections, the lucrative trends in games, esports and streaming are expected to continue to thrive. In 2024:

- The global games market revenue is predicted to grow to \$218.8bn
- Mobile games are predicted to generate \$116.4bn through consumer spending
- Cloud gaming is predicted to generate \$6.5bn
- Esports is predicted to generate \$1.6bn

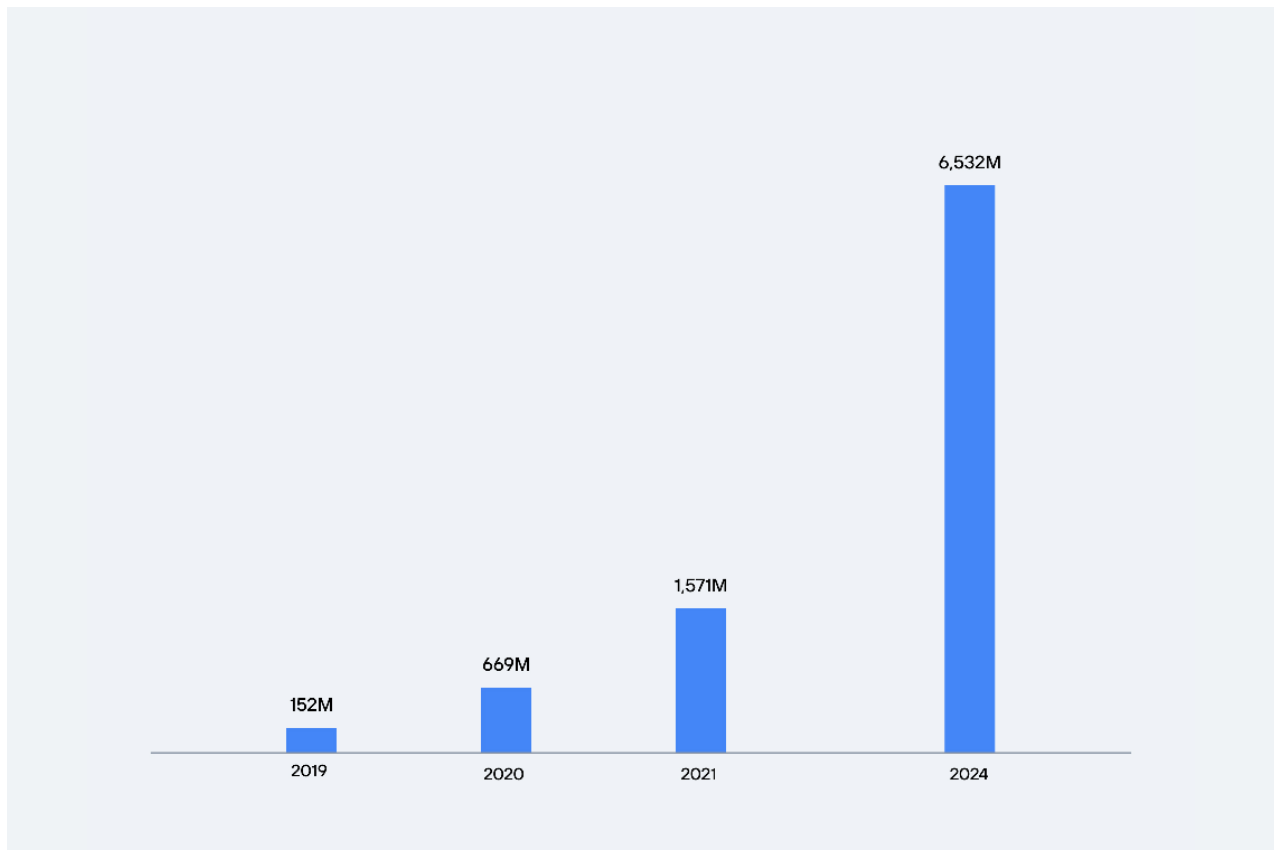
The gaming industry's lead indicators point to greater consumption across mobile devices, secondary viewing and esports underpinned by innovation and adoption of cloud gaming. This growth is expected to be fuelled in part by recent acquisitions of content by Microsoft (Activision Blizzard), Take-Two (Zynga) and Sony (Bungie) further compounded by new platform entrants to gaming such as Samsung and Netflix. These companies are expected to look at innovative ways to monetise as they grow their user base.

## Global active smartphone & 5G-ready forecast



Newzoo | Source: Global Mobile Market Report (September 2021)

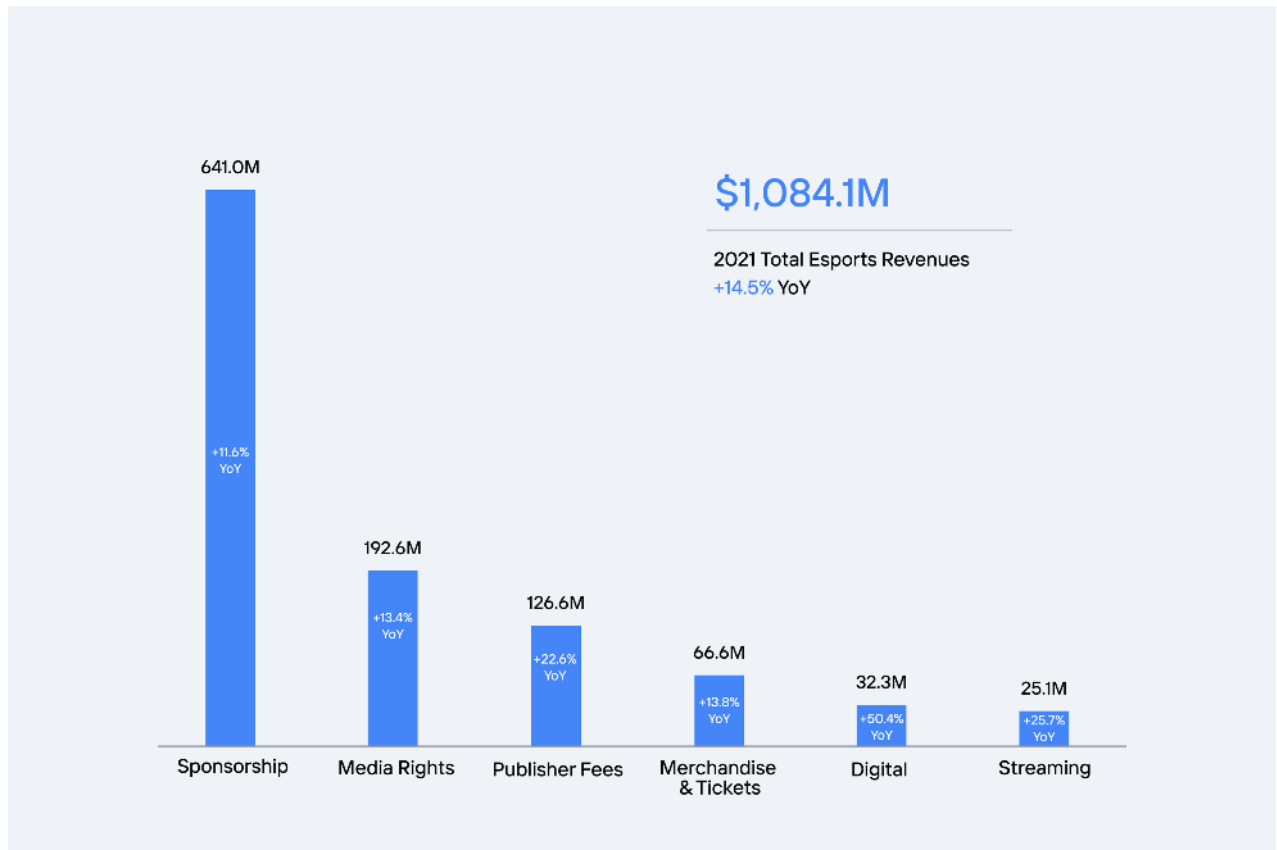
## Global cloud gaming market cap forecast (US \$)



Newzoo | Source: Global Cloud Gaming Report (August 2021)

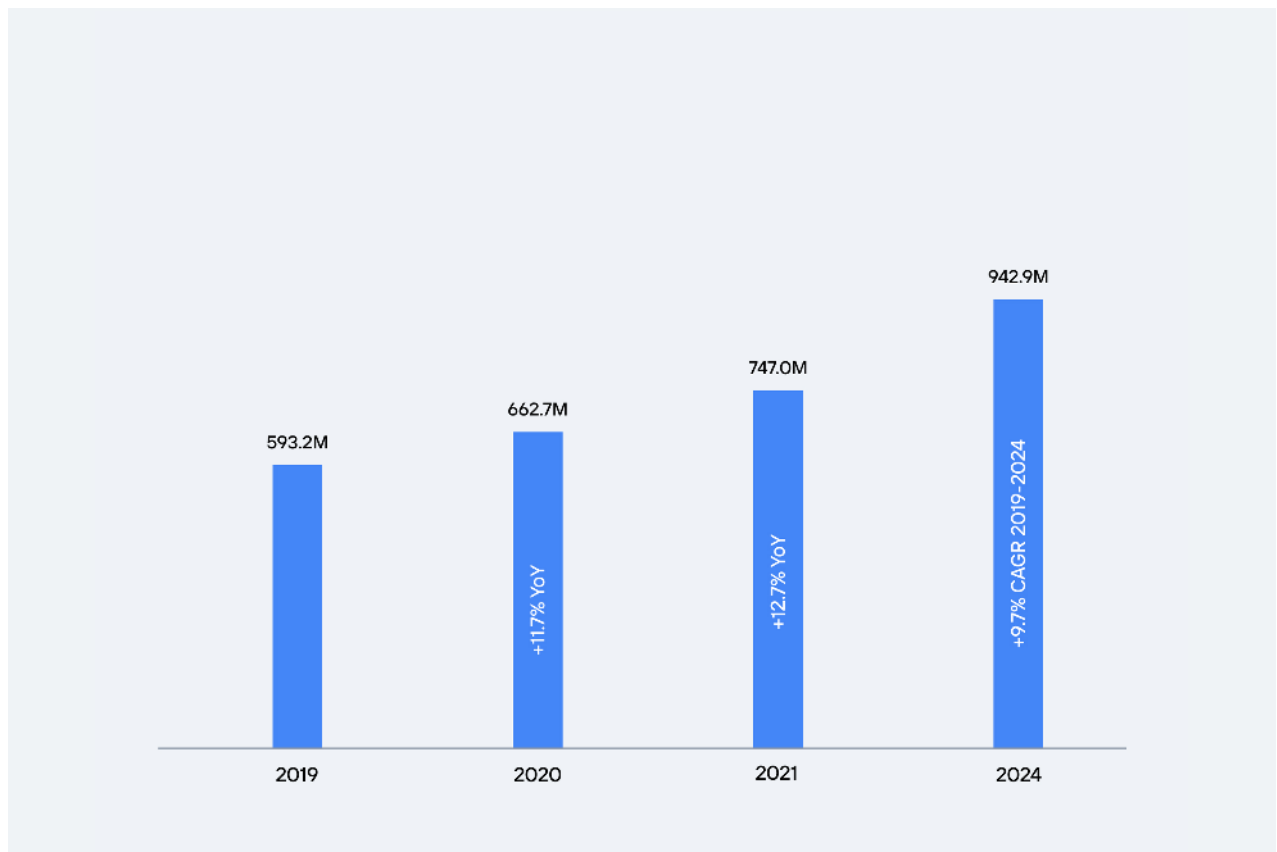


## 2021 esports revenue streams (US \$)



Newzoo | Source: Global Esports and Live Streaming Market Report (March 2021)

## Games live streaming audience growth

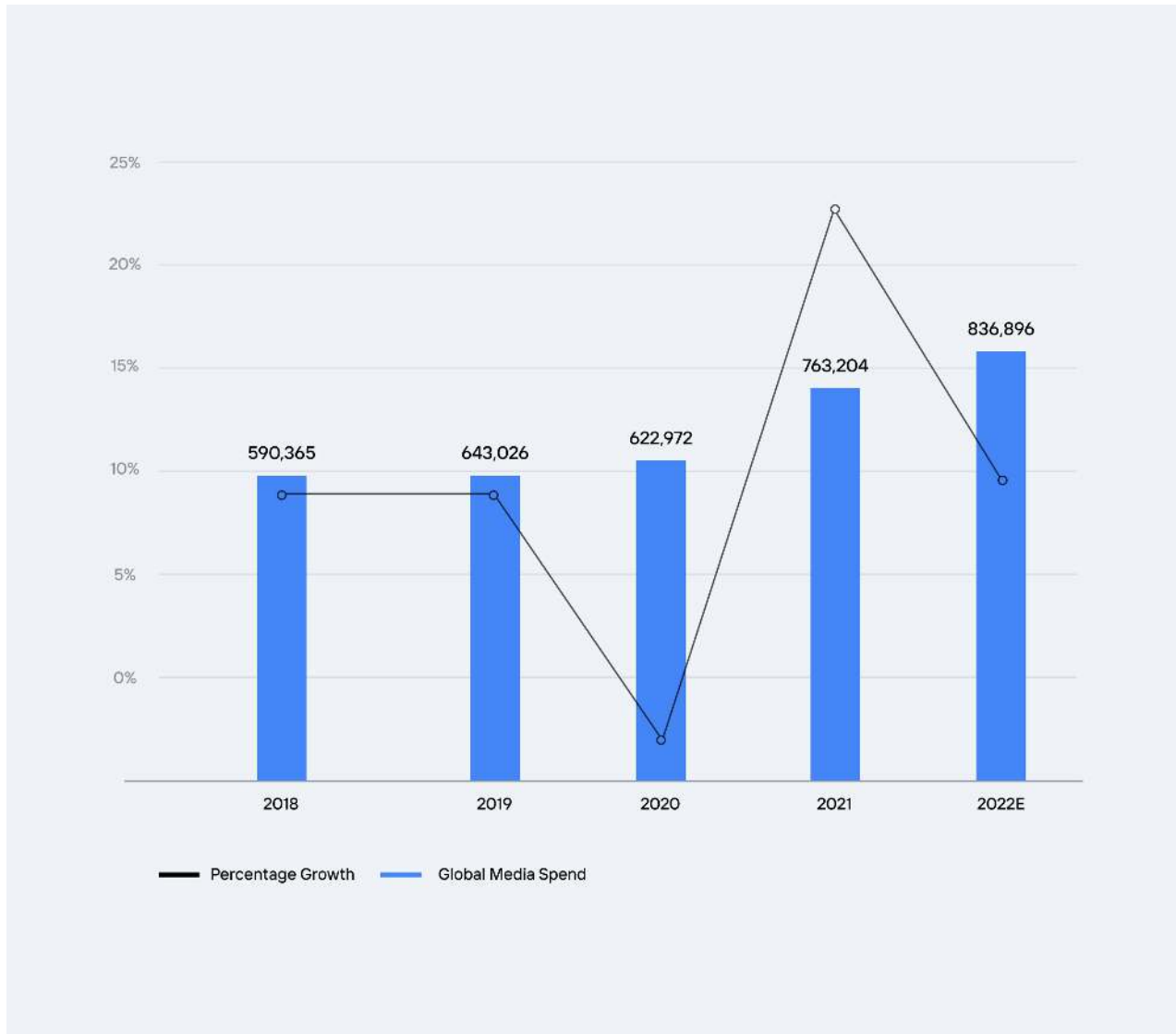


Newzoo | Source: Global Esports and Live Streaming Report (September 2021)

## Advertising dollars shifting away from traditional channels...

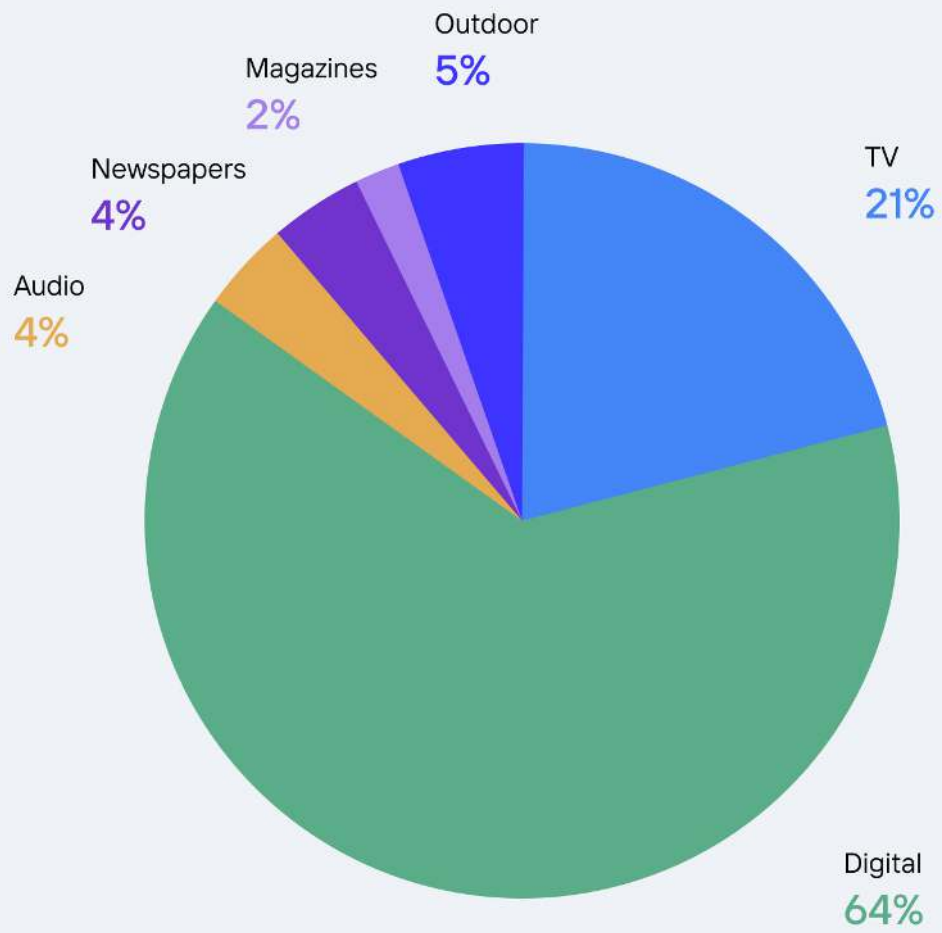
GroupM data shows the global media market rebounded strongly in 2021 by +20.6% post the pandemic across most channels to \$765bn. The market is projected to grow in 2022 by 11% and mid-single digits through to 2026. This highlights the attractiveness of the media market as advertisers allocate growing budgets to reach consumers.

Global media spend and growth 2018-2022E (US \$M)



GroupM, TNYN December 2021

Digital advertising's growth rates are predicted by GroupM to continue to outstrip television as advertisers allocate budget towards devices where consumer dwell times are higher. By 2026, the market share of digital advertising is forecast to represent over 70% and television to erode to 17% of the media mix. This bodes well for video gaming as an emerging media channel within the digital mix as the audience continues to grow and advertisers chase eyeballs.



GroupM, Tyny December 2021

## Highlights of 2021

# Landmark Commercial Partnership with Azerion

2021 was a breakthrough year for Bidstack. Bidstack secured an exclusive media partnership with Azerion who have recently become a public company quoted on Euronext Amsterdam.

### Who is Azerion?

Azerion operates a high-growth, profitable digital entertainment and media platform. It is a content driven technology and data company, serving consumers, advertisers, digital publishers, and game creators globally.

Azerion is engaged in a number of interrelated operating activities, including providing technology solutions to automate the purchase and sale of digital advertising inventory for advertisers, publishers and game creators as well as developing, publishing, distributing and operating online social and casual games and digital content.

Content creators, publishers and advertisers work with Azerion to reach millions of people across the globe that play their games and use their entertainment formats to increase engagement and loyalty and drive e-commerce.

Founded in 2014 by Atilla Aytekin and Umut Akpınar (Co-Founders and Co-CEOs), Azerion was recently listed on Euronext Amsterdam through a reverse takeover transaction by a Special Purpose Acquisition Company (SPAC).

## What is the new partnership between Bidstack and Azerion?

The landmark commercial agreement with Azerion is the most significant advertising transaction to date for Bidstack. It is also thought to be one of the industry's largest programmatic in-game advertising deals recorded. This evidences Bidstack's position as a clear market leader. It formally commenced on 1 March 2022 for a period of 2 years.

Through the arrangement Bidstack will leverage Azerion's sales footprint, which will enhance the Company's reach through Azerion's

- 1,000 employees
- 26 offices
- 18 countries

The aligned sales strategy is intended to accelerate growth among game developers, brands and advertising agencies to lock down more premium game inventory and capture shifting advertising spend.

Azerion will also start adopting Bidstack's SDK into its existing portfolio of games.

## What does Azerion have access to?

Azerion will have access to over 70 titles across Bidstack's rapidly growing portfolio of AAA, independent and mobile publishers. The genres are diversified across stadium, racing, open world and life simulation titles which provide an attractive and highly engaged addressable audience. The reach of the inventory is global including key markets such as the US, UK, Netherlands, France and Germany.

## Looking out into 2022...

The commitment to Bidstack's inventory comes at a pivotal moment for the emerging in-game advertising sector as 2022 is anticipated to be a breakthrough year. Since 2017, Bidstack has worked alongside global advertising agency holding groups, game developers and industry bodies to ensure that in-game advertising became recognised as an advertising category in its own right.

The education process has contributed to major agency holding groups launching dedicated gaming divisions and products whilst the IAB launched its first-ever guide to gaming and an industry framework for in-game advertising, whilst measurement standards from the Media Rating Council, set to be introduced by the summer of 2022, heralds a further key moment of recognition for the in-game advertising channel being separately recognised in the media community.



## James Draper

Founder and CEO of Bidstack

"This contract signals a realisation that brand advertising within the metaverse has truly arrived. Since our pivot into gaming in 2017, we have embedded a culture of no-shortcuts into the formation of in-game advertising as a new channel.

We expect this to be just the start of a long and deep relationship with Azerion as both companies have strong ambitions within the digital entertainment and media space. I want to personally thank the incredible efforts of our team, in particular Lewis Sherlock (SVP of Programmatic) and Francesco Petruzzelli (Managing Director), who have played a key role in securing this deal."



## Lewis Sherlock

SVP of Programmatic of Bidstack

"Our relationship with Azerion is a huge milestone for our Company and the gaming ad category as a whole. Their sales footprint across 18+ offices, 25+ markets and 80 dedicated sales staff means the acceleration of brand, agency and advertising revenue potential has increased exponentially for our Company overnight. It's great for our publishers, as we both aim to bring high-quality advertisers into their games. Our on-boarding of their staff has been exceptional already with both businesses driving the partnership from the top down. On the ground we have already seen a good fit in our market positioning and real benefits for our advertising and agency partners through this combined scale."



**Umut Akpınar**

Co-Founder and Co-CEO of Azerion

"We are delighted to strike this strategic partnership with Bidstack which strengthens our digital advertising platform. With this exciting partnership, we allow brands to explore new advertising frontiers in premium and brand-safe inventories while connecting seamlessly with consumers through impactful and immersive experiences. At Azerion, we believe that the future is digital entertainment. This new partnership is perfectly aligned with our vision for the upcoming years."



**Sandra Yassaka**

Vice President, Platform Strategic Partnerships of Azerion

"The Azerion team has been so engaged and excited to go to market with Bidstack's innovative and immersive advertising formats. The initial reception from our advertisers and brands is overwhelmingly positive. This partnership strengthens our digital advertising platform strategy."



**Johanna Haugli**

Enterprise Partner Manager of Azerion

"Privileged access to Bidstack's impressive portfolio of AAA games was a key reason driving the decision to partner together. I am looking forward to the exciting pipeline for the year ahead which will consolidate Azerion's position at the forefront of the metaverse for our growing audiences."

## Case Studies

# Growing Portfolio of Global Publishers

**Bidstack's portfolio of games has grown materially during 2021, almost tripling year on year to 58 (FY20:20).**

This highlights the growing interest from publishers in adopting sustainable monetisation strategies that are innovative, enhance gameplay and drive user retention.

Throughout the year, Bidstack has also diversified its growing addressable audience through expanding within genres and additionally introducing 'in-menu' advertising, a new performance ad format which is a powerful combination with 'in-game'.

The success of the year was further reinforced by a milestone agreement with a AAA publisher which is a global leader in digital interactive entertainment covering multiple formats across its mobile portfolio and exclusivity for one of the publisher's biggest sporting franchises.

The endorsements from publishers stand testimony to the stability of Bidstack's technology, the quality of our onboarding experience and the access we can provide to premium advertisers. Bidstack's pipeline is looking robust for the year ahead as further publishers embrace Bidstack's value proposition.





# Nordeus

Founded in 2010, Nordeus is a mobile games publisher based in Belgrade, Serbia. The team is best known for its smash-hit football management game Top Eleven.

The legendary manager José Mourinho joined as the 'face of the game' in 2013. Nordeus has seen massive success in the mobile gaming space, being acquired by Take-Two Interactive for \$378 million in June 2021.

“Top Eleven is really impressive and includes many elements that I have seen and lived throughout my career...Top Eleven really brings a sense of team management to players worldwide. Options this game has up its sleeve have not been seen even in more complex titles for the PC, and multi-platform environment only further strengthens the role of a team leader and successful football manager.”

[José Mourinho](#)

Professional Football Manager

Platforms supported	Mobile (iOS, Android)
Category	Sports/Stadium (Football/Soccer)
Inventory location	Pitchside Billboards
Asset sizes	728x90





## The Game

Top Eleven was first released by Serbian games developer Nordeus in 2010 and is now one of the longest-running mobile games as it celebrates its twelfth birthday this year. According to data.ai, (formerly App Annie), based upon downloads and revenue to April 2021, Top Eleven is the world's most successful mobile sports game with more than 240 million registered users and is available to play online on both iOS and Android.

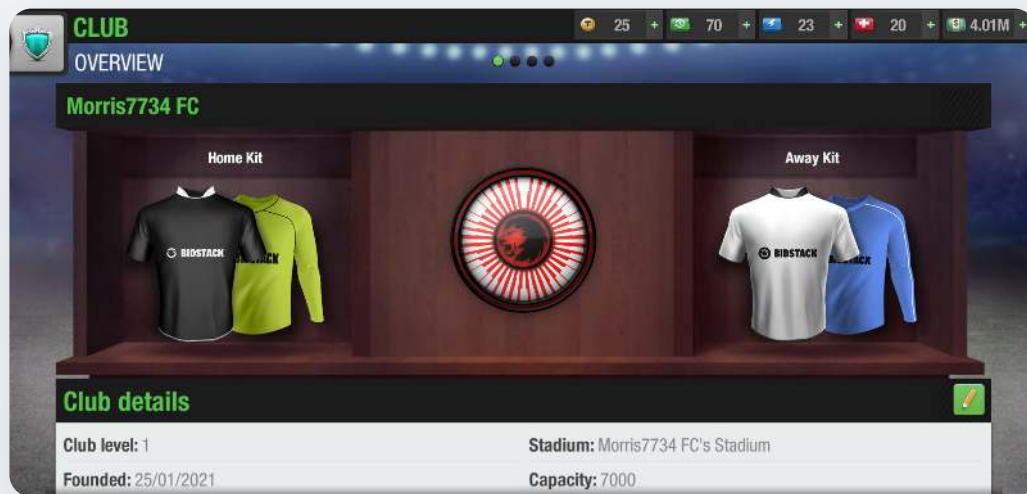
"It is important for gamers to feel like they are immersed in the environment that has been created for them. It is commonplace for football fans to see advertising boards at matches and part of the sport, so keeping that feel is an important part of what we want to deliver for our players."

Tomislav Mihajlovic, COO at Nordeus

## Increasing Immersion, Delivering Realism

Nordeus have worked hard to create Top Eleven to be faithful to the real life sport, through partnerships with massive footballing stars like José Mourinho. Nordeus are now reinforcing the realism with the inclusion of native advertising from Bidstack.

Prior to working with Bidstack, Nordeus had only implemented rewarded video ads into Top Eleven. Bidstack's exclusive partnership has enabled them to insert pitchside adverts from real-life brands, emulating a true football experience.



### A Strong Revenue Stream

Through Bidstack’s partnership, Nordeus has seen household name brands such as Samsung, Disney+ and Under Armour appear in-game. Bidstack is committed to delivering consistent results for our partners and have smashed our goals, reaching a six-month target in less than three.

### Partner Testimonials

“Learning a completely new domain and integrating a third-party system can be super painful most of the time. But I can easily say that you have provided the most pleasant such experience in my career so far. A big thank you!”

Djordje Cvijic, Software Engineer at Nordeus

### A Growing Relationship

In any partnership trust is essential, and Bidstack has worked hard to build this trust with Nordeus, culminating in the renewal of our exclusive partnership in 2022 with plans to grow together with them as they launch their new 3D match engine for Top Eleven.

Bidstack is continuing to bring premium brands to our partners with exciting collaborations in the works for 2022 including Warner Bros promoting the new Batman film within Top Eleven.

# Turborilla

Since the launch of Mad Skills Motocross in 2011, Turborilla has delivered nearly 120 million mobile game installations across its portfolio.

Mad Skills Motocross 3 is considered one of the most intense and competitive games in its genre with motorcycle physics faithful to the real thing, receiving high acclaim from professional racers.

“If you’re looking for the best mobile motocross game there is, just get Mad Skills Motocross 3.”

[Justin Cooper](#)

2021 West Supercross Champion

Games	Mad Skills Motocross 2, Mad Skills Motocross 3, Mad Skills BMX 2
Platforms supported	Mobile (iOS, Android)
Category	Racing
Inventory location	Start line billboard
Asset sizes	300x250





## The Games

**Mad Skills Motocross 2:** Discover what professional racers, motocross fans, and casual gamers across the globe already know: Mad Skills Motocross 2 is one of the most intense games in the genre. The game features dozens of tracks, weekly events, and 12 different bikes with the option of customisability.

**Mad Skills Motocross 3:** Mad Skills Motocross 3 is regarded to be the world's best side-scrolling motocross game and is already available to players on iOS and Android. The game is recognised for its responsive physics, realism and the intensity of its racing experience.

**Mad Skills BMX 2:** Mad Skills BMX 2 covers different terrain and challenges for those seriously interested in the BMX Sport, featuring amazing physics that combine elements of realism with arcade fun. A plethora of customisation options allows users to create their own on-track look, with new tracks added weekly.

"It really makes our games better, when we have the right brands in our game alongside the track, it makes it feel more authentic for us."

Bryan Stealey  
CMO at Turborilla





### The Integration Process

In May 2021, Bidstack forged an exclusive partnership with Swedish game developer Turborilla, integrating our technology into three of their exceptional titles: Mad Skills Motocross 2, Mad Skills Motocross 3 and Mad Skills BMX 2.

Our lightweight SDK is easy to integrate and ensures no drop in game performance.

### Protecting Artwork, Respecting The Player

Bidstack recognise the importance of protecting a game's artwork. It is vital that in-game ad placements seamlessly blend into a game's environment, enhancing the player's experience as opposed to detracting from it.

Each race features native in-game advertising at the start line, emulating the typical trackside advertising seen in real life motocross races.

### Partner Testimonials

"I have been absolutely shocked at what the CPMs have looked like for us ... we've had months where the amount of revenue we've made has just been kind of mind-boggling, we had one month where we made more money in in-game advertising than we made with interstitial and rewarded ads combined by a large margin."

**Bryan Stealey**  
CMO at Turborilla

## Seamless Brand Experiences

Bidstack worked with Turborilla to ensure the game environment was respected and not overloaded with ads. It is imperative that seamlessness is protected so that players don't see billboard ads resize or refresh in front of their eyes. The attention given to this aspect has meant that Turborilla has received zero complaints regarding their native in-game advertising.

By utilising a private marketplace Bidstack can ensure ad quality is maintained. With no programmatic backfill Turborilla games are free of ill-fitting ads or ads with an unusable call to action.

## A Sustainable Revenue Stream

Through our partnership, Turborilla has seen household name brands such as Netflix, Coca-Cola and Samsung appear in-game. As major campaigns have seen high CPMs, revenue generated through our partnership accounted for over 30% of Turborilla's overall revenue, including in-app purchases, in Q4 of 2021. At the end of last year, Bidstack ads generated double the amount of both rewarded video and interstitial ads combined.

## A Growing Relationship

Since May 2021 Bidstack have added a total of three of Turborilla's games to the portfolio. Bidstack's relationship is growing organically, and later this year they intend to integrate the in-menu ad-format, a testament to its credibility as an innovative partner. In the future they are looking towards bringing custom sponsorship opportunities to their games alongside native placements.



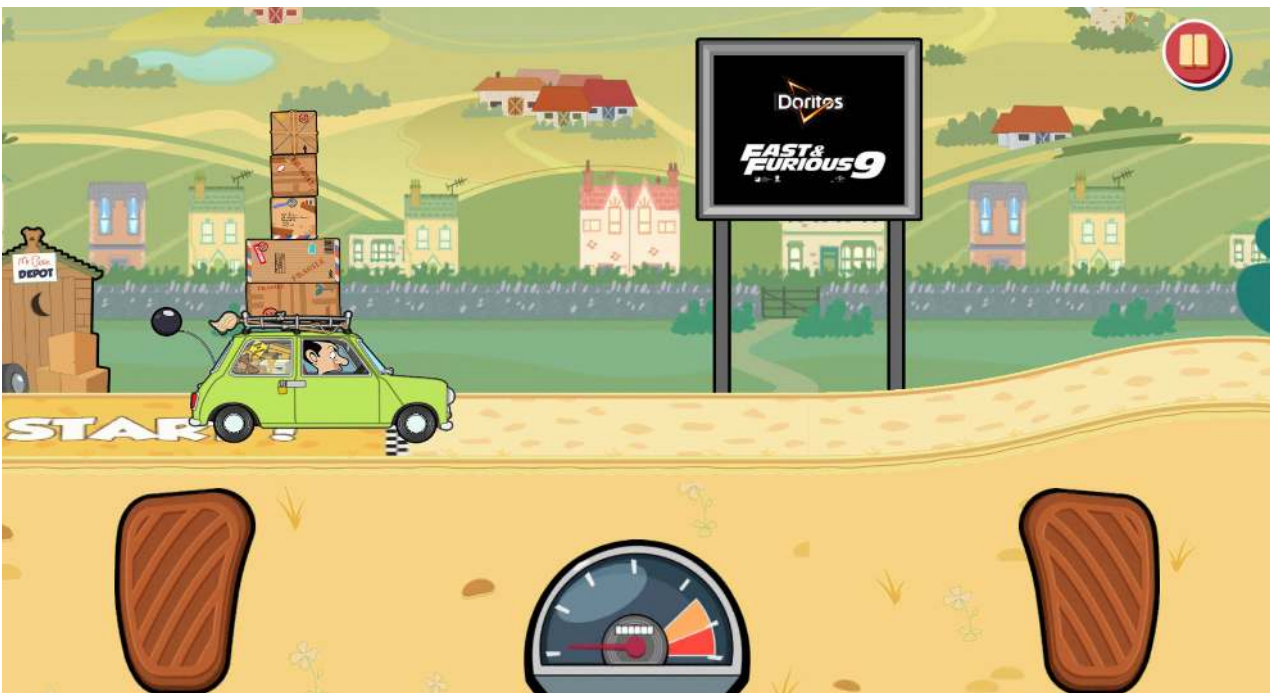
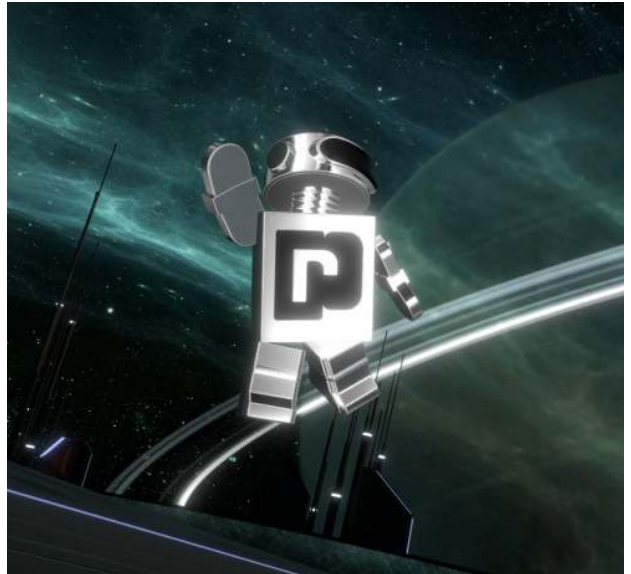
## Case Studies

# Working with the World's Largest Advertisers

Bidstack's roster of global advertisers continued to grow across categories such as luxury, travel, consumer staples, financial services, technology and entertainment.

The brand count has doubled to 70 year on year (FY20: 35) which shows good progress during our second year of commercialisation in the UK and US. The campaigns delivered were evolving from test spend to larger 'on-plan' sizes which highlights the effectiveness of in-game advertising as a new emerging format. This trend is also reflected in multi-market deals and repeat spend that have provided visibility and a pipeline into 2022.

Advertisers and brands are increasingly aware of the lucrative gaming audience and working closely with Bidstack at engaging with consumers.



# Paco Rabanne

**Paco Rabanne partnered with Bidstack and Starcom Worldwide to promote their iconic men's fragrances, Invictus and Phantom with two innovative campaigns.**

Invictus is a flagship brand for Paco Rabanne which embodies power, heroism and a drive to win – the brand appeals to a male audience and aligns well with interests such as sports and fitness. In this campaign, Paco Rabanne was aiming to engage consumers during the holiday season through new media including gaming.

## The Campaign

The campaign delivered branded experiences in the metaverse around audience passion points through seamless in-game ads and a highly original VR experiential activation. The VR 'reaction wall' challenge invited players to showcase their speed, agility and skill in VR training platform Rezzil's popular Player 22 game as they took on a legendary Champion of the United States men's national soccer team (USMNT), goalkeeper Tim Howard.

## Half A Million Gamers Reached

Whilst players pushed themselves to the limit, Invictus became a unique part of the experience with branding delivered across natural spaces such as trackside banners, pitchside hoardings, cityscape billboards and even a custom VR training facility in-game.

The campaign reached almost half a million gamers, increasing purchase intent and making Invictus the first fragrance in the world to create a sporting challenge in a VR environment. A resounding success, this campaign was later shortlisted for a 2022 Campaign Media US Award for Best Media Strategy.



“Creating branded experiences like this within the metaverse offers a glimpse of the future potential for brands...With this campaign we’re proud to have been able to deliver on our core product offering in a way that respects and enhances the player experience.”

[Andy Etches](#)

Founder and Director at Rezzil

## Bidstack x Paco Rabanne Phantom

Paco Rabanne's second campaign with Bidstack promoted Phantom, their groundbreaking men's fragrance with a distinctive silver robot shaped bottle.

In collaboration with Maximum Games' Curved Space the iconic bottle was brought to life in the game as a free to download controllable companion working alongside players as they travel through the deepest reaches of space.

### An Industry First

This was the first time a fragrance has featured in a game as a playable character and the campaign acts as a fine example of Paco Rabanne's innovative approach to engaging their target audience in a way that respects and enhances the end-user experience.

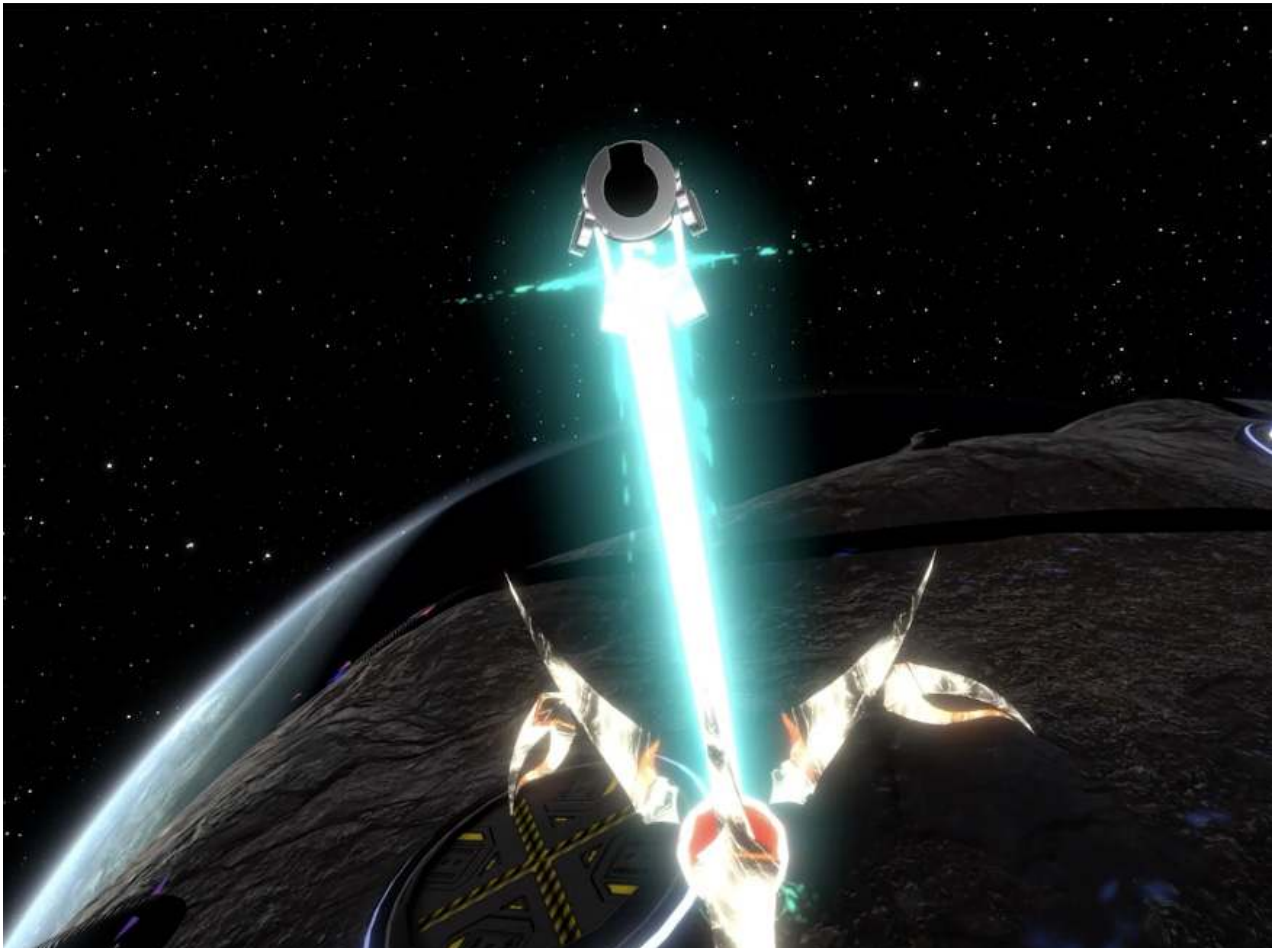
The playable character launched on November 1st and allowed the brand to connect gamers with the futuristic fragrance in the run-up to the holiday season.

"The fragrance and robot perfectly compliment the out-of-this-world action in Curved Space. New and existing fans can expect a lot of fresh twists and turns within the free downloadable content."

[Shane Bierwith](#)

EVP of Global Marketing at Maximum Games





# Marriott Bonvoy

**Marriott Bonvoy partnered with Bidstack, and Publicis to fuel travel inspiration through gaming as people returned to exploring the world in 2021.**

Since 2020 Marriott Bonvoy's audience has grown to include new-found domestic leisure travellers and with this new audience came new interests that required a different approach to marketing their services. The pandemic fuelled interest in gaming and in response to this Marriott Bonvoy developed a phased approach to testing, learning and finding the right places to excel within the space.

## Globetrotting Gamers

According to GWI, gamers have a great passion for travel, 53% enjoy travelling and 27% are planning to purchase a domestic vacation in the next 3-6 months. Gamers as a whole are keen to get back to exploring and are 11% more likely than the average consumer to be spending more on travel this year compared to last.

This audience is also highly receptive to advertising, with 31% saying they tend to buy brands they've seen advertised. This influence is not limited to tangible products, as when Bidstack looks at those who play sports games in particular, they are 30% more likely than the general population to say that they are most influenced by advertising when deciding a holiday destination.



## The Campaign

The campaign strategy focused on native in-game advertising, with branded experiences that simulated the real world within virtual environments.

Marriott Bonvoy's ads were delivered into natural spaces within the virtual stadium and racetrack takeovers, custom vehicle wraps, unique character skins and social media amplification from some of the world's biggest gaming franchises.

In Wildlife Studios' renowned mobile game Tennis Clash, the partnership saw the Marriott Bonvoy brand feature across customised courts in New York and Sydney, on courtside banners, scoreboards and nets, on custom racket strings and across two unique outfit designs that helped integrate the brand seamlessly into the game's virtual world.

## The Results

A great success, the campaign ran for 153 days reaching millions of gamers who spent an average of 26.3 minutes in front of Marriott Bonvoy's advertising.

The luxury travel brand's in-game ads were delivered across 23 different titles (including Tennis Clash, Football Manager 2021, Dirt 5, Rezzil Player 21 and Top Eleven) covering PC, console, VR, cloud gaming and mobile devices.

The campaign was met with positive reviews from players on social media with two official EA Sports Rally Instagram posts relating to the activation in Dirt 5 generating over 1110 likes and interactions. In addition, Marriott Bonvoy's Tennis Clash string had a powerful set up of abilities, which were greatly appreciated among Tennis Clash's players as observed by the high number of strings acquired. This campaign was later highly commended in The Drum Awards for Digital Advertising's Best Use of Gaming category.

"Connecting the real world with the in-game world was in Tennis Clash's vision since its ideation. Partnering with a luxury brand like Marriott brought us closer to this vision and allowed us to create an exciting experience for our players."

[Ana Costa](#)

Game Director of Tennis Clash



# Doritos

In June 2021 PepsiCo enlisted the help of **BGM OMD Greece** to promote a partnership between the leading snack brand Doritos and the latest instalment of the Fast & Furious film franchise, **Fast & Furious 9**.

## Overview

BGM OMD Greece identified gaming as a key passion point for their target audience and partnered with Bidstack to engage consumers with seamless in-game branded experiences. With Bidstack's help, BGM OMD were able to deliver the first-ever programmatic in-game campaign in Greece, connecting with gamers across auto and racing games via PC, tablet and iOS and Android mobile devices.

Agency	BGM OMD Greece
Advertiser	PepsiCo
Category	Food & Drinks
Brand	Doritos  Fast & Furious 9
Platform	BidstackAdConsole
Media Owner	Bidstack
Target Audience	Racing Gamers



## Campaign Objectives

The co-branded partnership between Doritos and Fast & Furious 9 was designed to engage action film fans that had an interest in cars and racing and promoted the film whilst creating a brand association with the franchise for Doritos.

PepsiCo turned to their award-winning agency partner of 20 years, BGM OMD Greece, to develop their campaign strategy, and after researching the evolving media habits of their target audience they identified gaming as an innovative new way to reach consumers.

The objectives of the in-game campaign were:

- To take a phased test and learn approach to a new channel – building a better understanding of the best places to reach their target audience
- To unlock a new audience and reach them via a new touchpoint
- To achieve cross-platform reach in gaming environments
- To engage a growing, diverse and often elusive audience when they were relaxed and focused

## The Strategy

The ways consumers interact with media in their daily lives is constantly evolving. New channels such as gaming, social media and streaming services continue to grow in popularity, particularly amongst younger consumers. In the Greek market, this is no different, with 54% of console gamers and 44% of mobile gamers playing for at least 30 minutes every day and a growing number also tuning in to watch gaming content on platforms such as Twitch.

With ad-blocking on the rise across all demographics (40% of internet users in Greece are now utilising ad-blocking tech with this figure rising to 47% amongst gamers), innovative advertisers are reacting by exploring new ways to reach their target audience when they are focused, relaxed and engaged through gaming.

Unlike other advertising formats, gaming offers advertisers unparalleled levels of attention. People rarely devote their entire attention to television, in fact 98% of internet users in Greece admit to being distracted whilst watching, with 84% saying they are often on their phones and 33% saying they play games whilst watching





TV. Whilst TV viewers can be distracted by these other screens, premium gaming environments require 100% of a player's attention.

Research from the audience insights platform GWI indicated that 66% of the Greek internet population play mobile games and for many (60%) playing mobile games has become a part of daily life for them. When we narrow this down to look at racing gamers we can see that 73% of racing gamers in Greece are male and that 73% of that demographic fall between the ages of 16 and 44 years old, whilst 83% of this audience utilise more than one gaming device.

With this in mind BGM OMD Greece set out to run an in-game advertising campaign for Doritos to promote their Fast & Furious 9 tie-in and searched the market for the best in-game advertising solutions. They partnered with Bidstack and looked to run in-game ads across their racing vertical, creating branded experiences in virtual environments that were aligned with the film's racing theme.

## The Execution

The Doritos x Fast & Furious 9 ads were brought to life in-game in a way that was designed to deliver high levels of attention whilst respecting the playing experience with ads that blended in seamlessly with gameplay on trackside banners, flags and billboards.

The custom in-game creative featured across PC, tablet and iOS and Android mobile devices in titles such as Mad Skills Motocross 3 (Turborilla), Touchgrind BMX 2 (Illusion Labs), Mr Bean – Special Delivery (Gamebake), SuperTrucks Offroad 2 (Meltdown Interactive) and Dirt Trackin' Sprint Cars (Flying Squirrel Games).

## Campaign Results

BGM OMD became the first advertising agency to deliver a programmatic in-game advertising campaign in Greece. Their in-game campaign for Doritos and Fast & Furious 9 delivered:

- More than 439k impressions to 10k unique gamers across 23 days
- 29,571 minutes of cross-platform ad exposure in an entirely new environment
- A media first for the Greek market that connected Doritos and Fast & Furious 9 with their target audience via a new touchpoint
- 39% of racing gamers that identified as Fast & Furious fans said their preferred snack brand was Doritos (64% higher than the general internet population)



“Online gaming has become an important part of the internet ecosystem with more and more people investing time into gaming as a form of entertainment. At a time when the use of ad blocking in the Greek market is on the rise, online gaming is a vehicle that allows us to reach 100% of our target audience. We collaborated with the Bidstack team to create the very first programmatic in-game campaign in Greece, connecting the Doritos campaign - which had as its central theme the Fast & Furious 9 movie - with auto and racing games. The campaign, which started in the summer of 2021 across PC, mobile and tablet devices, saw the Doritos x Fast & Furious 9 ad creative served directly into the gameplay where the ad became an authentic and natural part of the action and didn't disrupt or intrude on the playing experience for the gamer. The result? More than 30,000 minutes of play for young gamers with the constant company of the Doritos ad!”

[Ilias Charalampidis](#)

Digital Account Director at BGM OMD Greece

## Measurement

# Lumen Research

## An independent measurement of Bidstack's in-game advertising format.

Lumen Research is the attention specialist that utilises eye-tracking and heat mapping technologies to measure and predict the reality of visual engagement.

Eye-tracking offers a simple, scientific and objective measure of the reality of attention.

Instead of asking people questions about what they think they saw, Lumen's technology passively monitors what they actually look at.

Traditional ad measurement tools are being redefined and reimaged to catch up with in-game advertising.

Dropping tracking pixels into game engines is simply not effective, which is why Bidstack is at the forefront of defining new industry standards for in-game advertising with bodies and partners such as the IAB, Moat, Comscore, TAG and Nielsen.

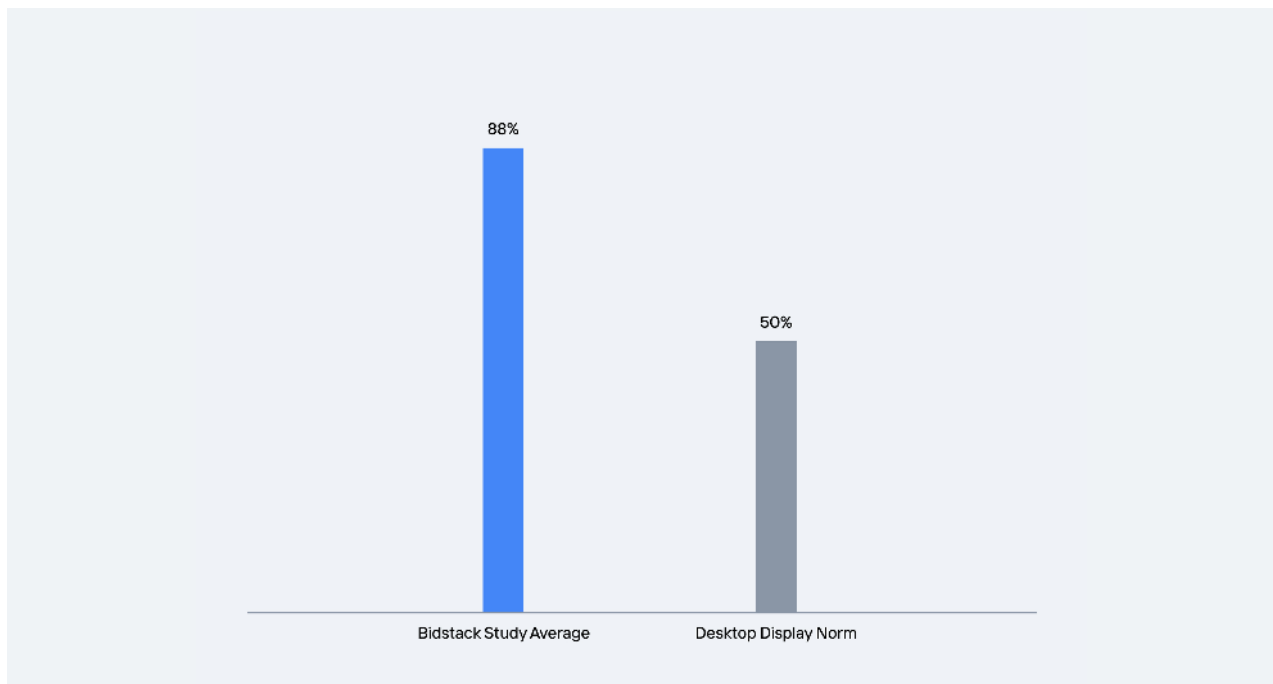
Bidstack partnered exclusively with Lumen Research in 2019 to formulate a process to demonstrate campaign success to clients when it comes to marketing in the metaverse by measuring the reality of attention. The relationship continues to grow into new ad formats and genres of games which reflects the strength of Bidstack's evolving portfolio.

Throughout 2021, Bidstack has run seven studies across two foundational genres, racing (DiRT Rally) and sports (Football Manager), with leading brands in key advertising categories such as luxury, retail, technology, banking and hospitality. The findings for advertisers reinforce post campaign analysis, drive organic growth through rebooking and prove the effectiveness of brand awareness.



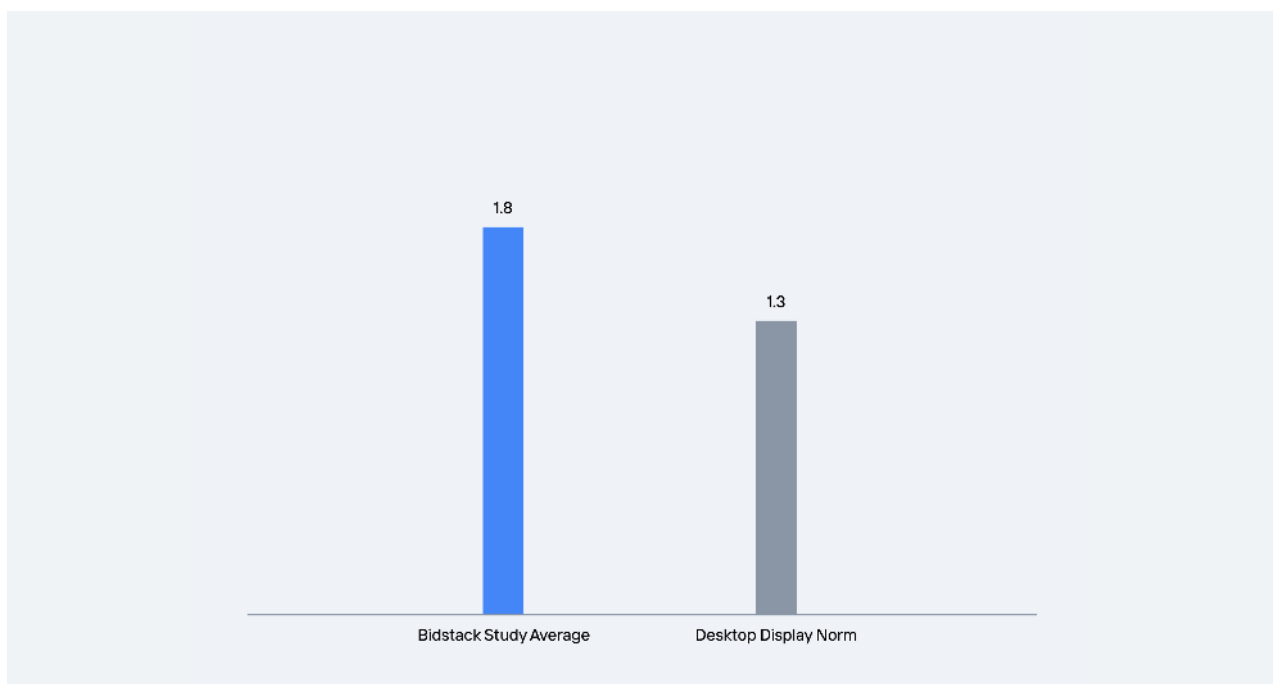
## Bidstack's in-game ad formats are more viewable with greater dwell time

### % viewed



The ad boards in each study successfully gained high levels of attention where Bidstack saw a significant uplift versus the Lumen desktop display norm. This is likely due to the ad boards being in view throughout the entire gameplay of Football Manager and in DiRT Rally. It appears that brand awareness campaigns through in-game advertising will likely result in high attention amongst gamers, especially when compared to standard display formats.

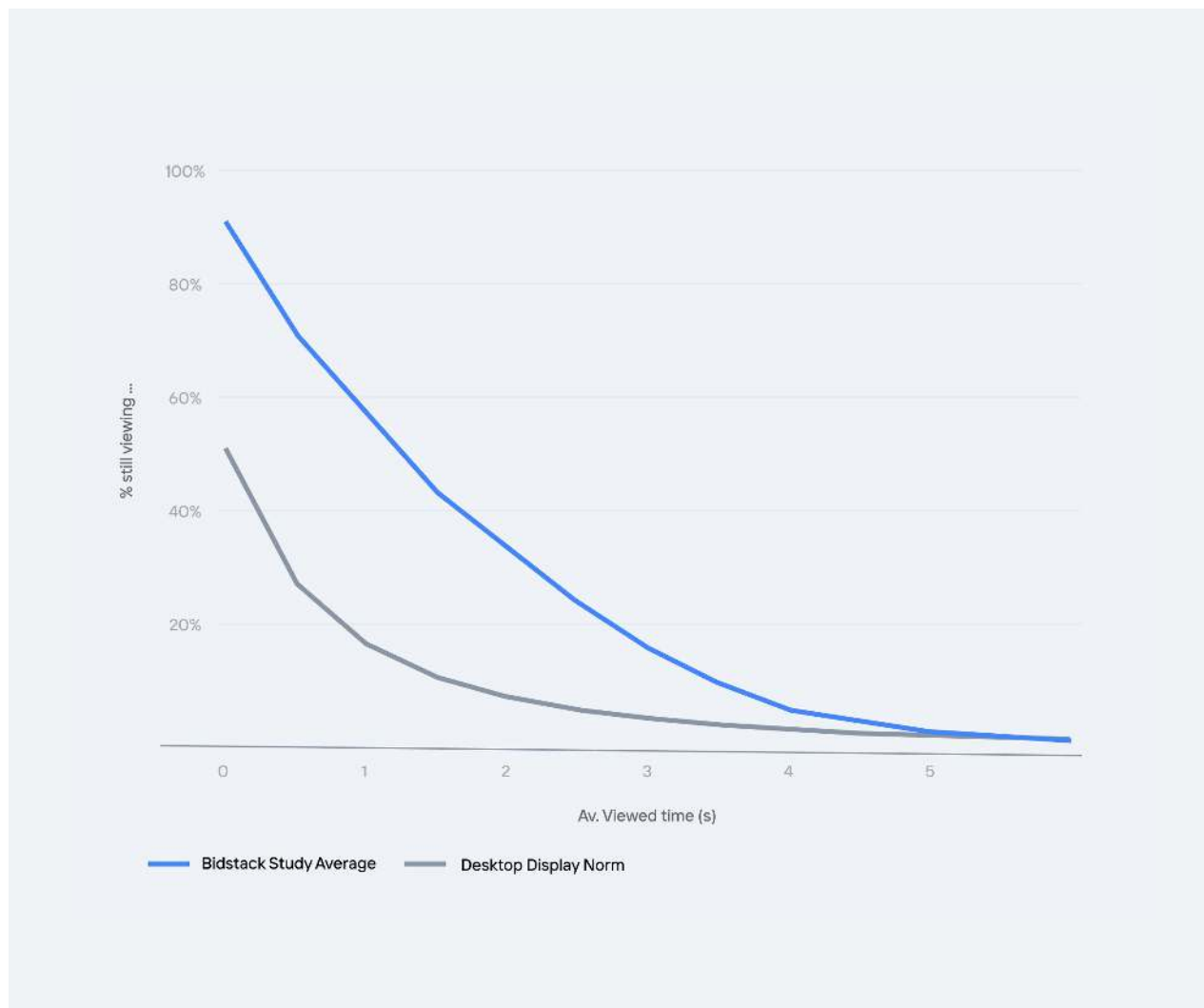
### Average view time (s)



The average time spent viewing each ad board across all the studies was 1.8 seconds, which is higher than the Lumen norm of 1.3 seconds. The favourable in-view placement of ad boards, reflecting the real world within both Football Manager and DiRT Rally, may have helped to increase the time spent engaging with each ad. This provides tangible evidence that stadium and racing genres are a natural fit for in-game advertising.

## Quality of engagement fuels sales impact for advertisers

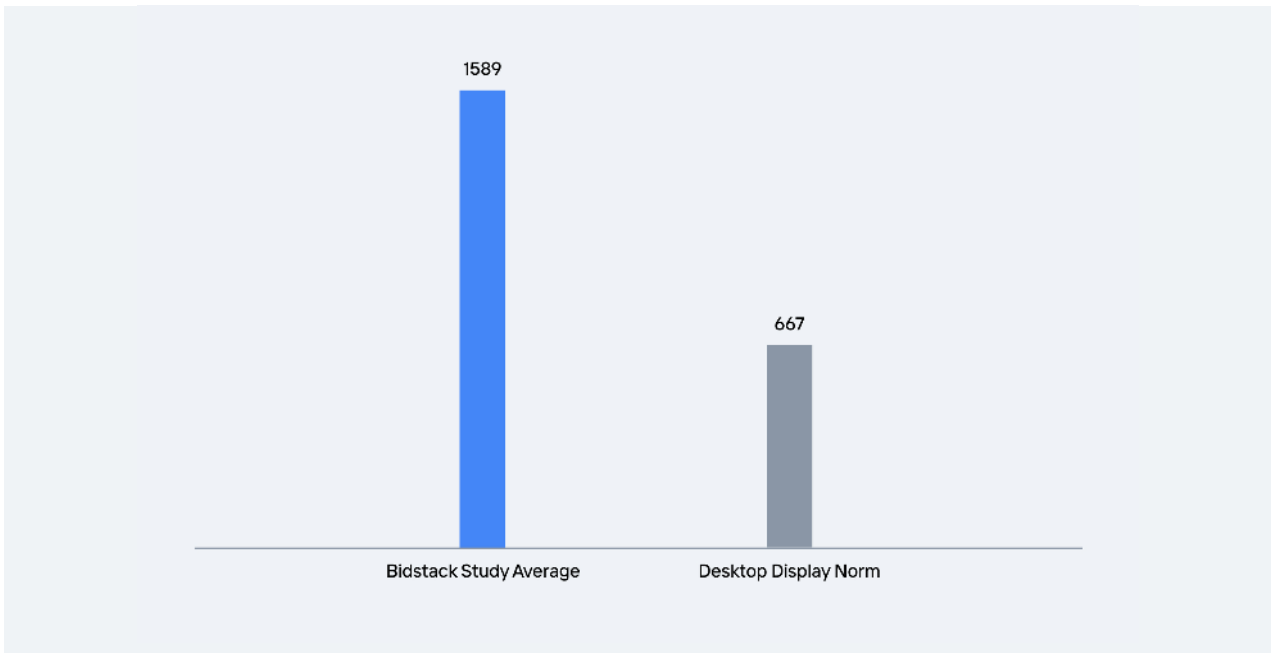
### Attention curve



The attention curve shows the distribution of total viewed time across each ad. On average, over half the sample engaged with various ad boards for up to 1 second, followed by around a third who engaged with ad boards for 2 seconds which is well above the desktop display norm.

Higher engagement is correlated to brand recall which translates into sales impact.

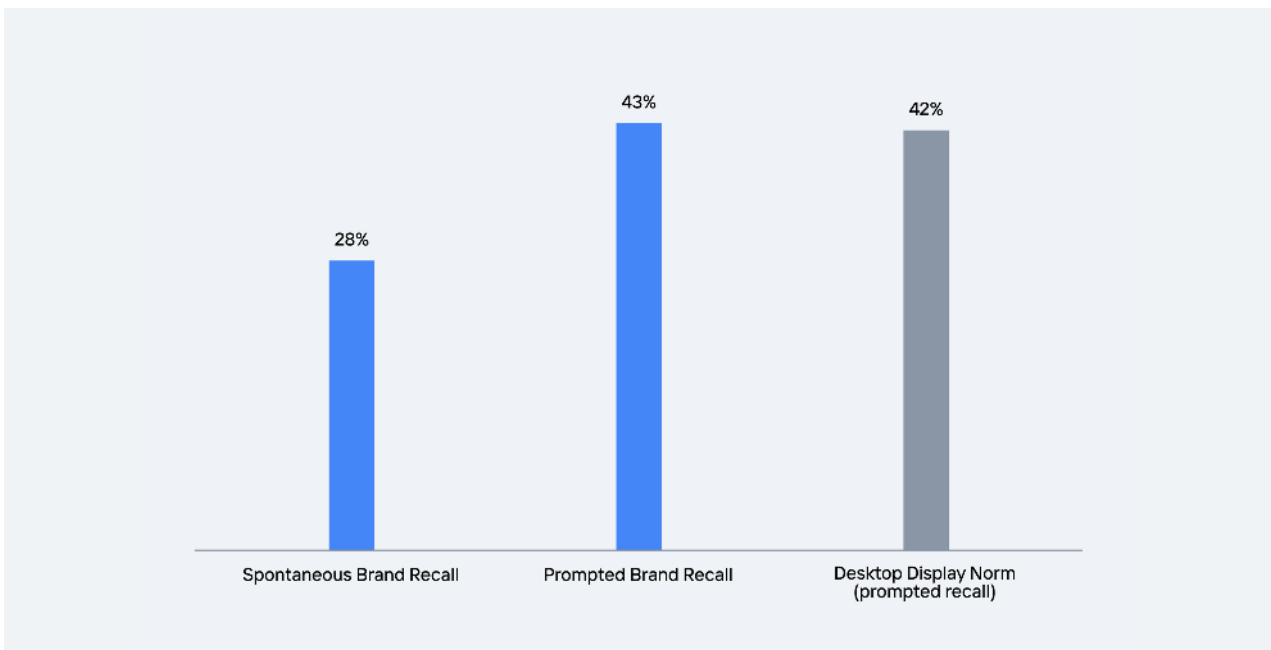
## Attentive seconds per '000 impressions



Each advertisement tested within Bidstack’s platform in either Football Manager or DiRT Rally is predicted by Lumen Research to generate 2.4 times more seconds of “eyes-on” attention for every 1000 impressions served. The overall attention produced across the 2021 Lumen studies significantly outperformed the display norm. This is thought to be most likely due to the ad boards being viewed by nearly 100% of the sample and for a longer duration.

## Bidstack’s in-game advertising format scores above average for brand recall and perception

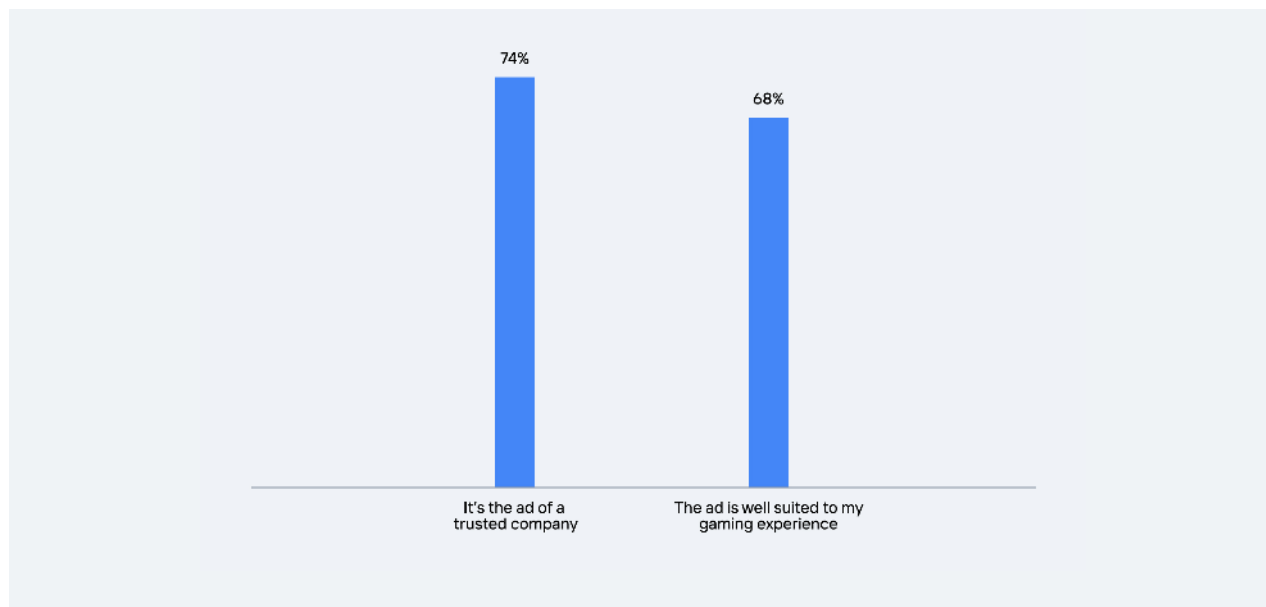
### Spontaneous and prompted brand recall





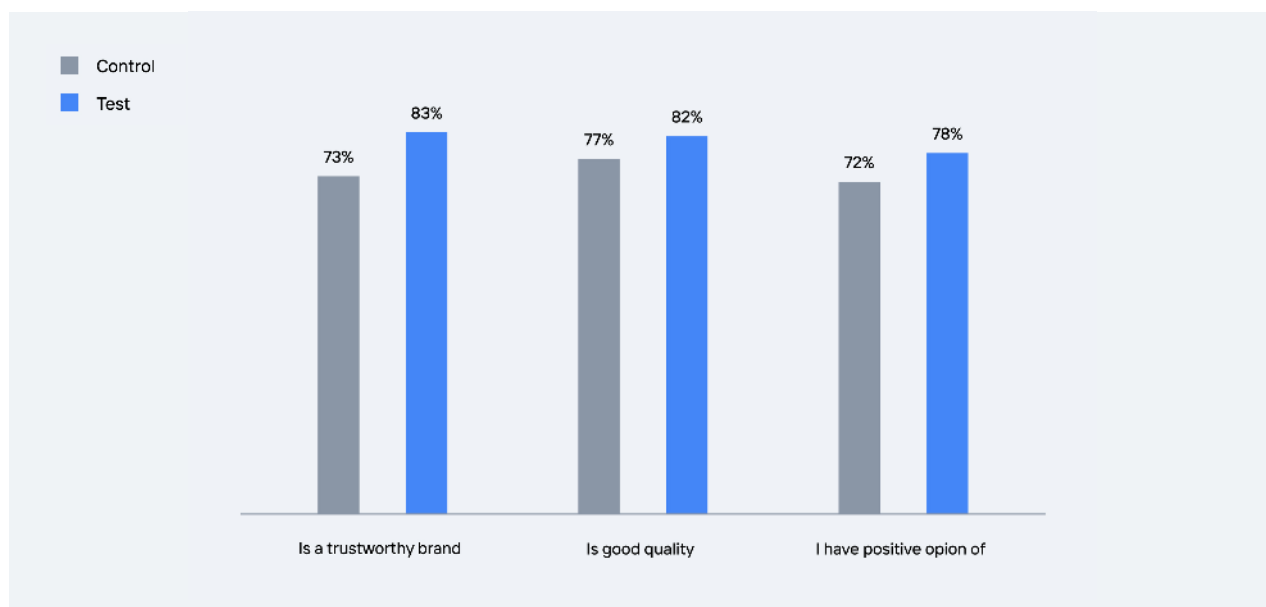
The ad boards displayed across Football Manager and DiRT Rally captured high levels of attention and viewed time, which Lumen considered likely resulted in participants' ability to recall brands both on a spontaneous and prompted level. The level that participants were able to recall each brand across the studies (when prompted) fell in line with the desktop display norm.

### Ad perceptions



Across the studies over 50% agreed the ads were of a trusted company and were well suited to their gaming experience.

### Brand perceptions



Brand perceptions of trustworthiness, good quality and likeability saw a meaningful uplift compared to the control sample.

## Investment Case

# Why Invest in Bidstack?

## Five reasons to invest in Bidstack.

**Bidstack is well positioned to capitalise from market tailwinds.**

### 1. Attractive and growing total addressable market

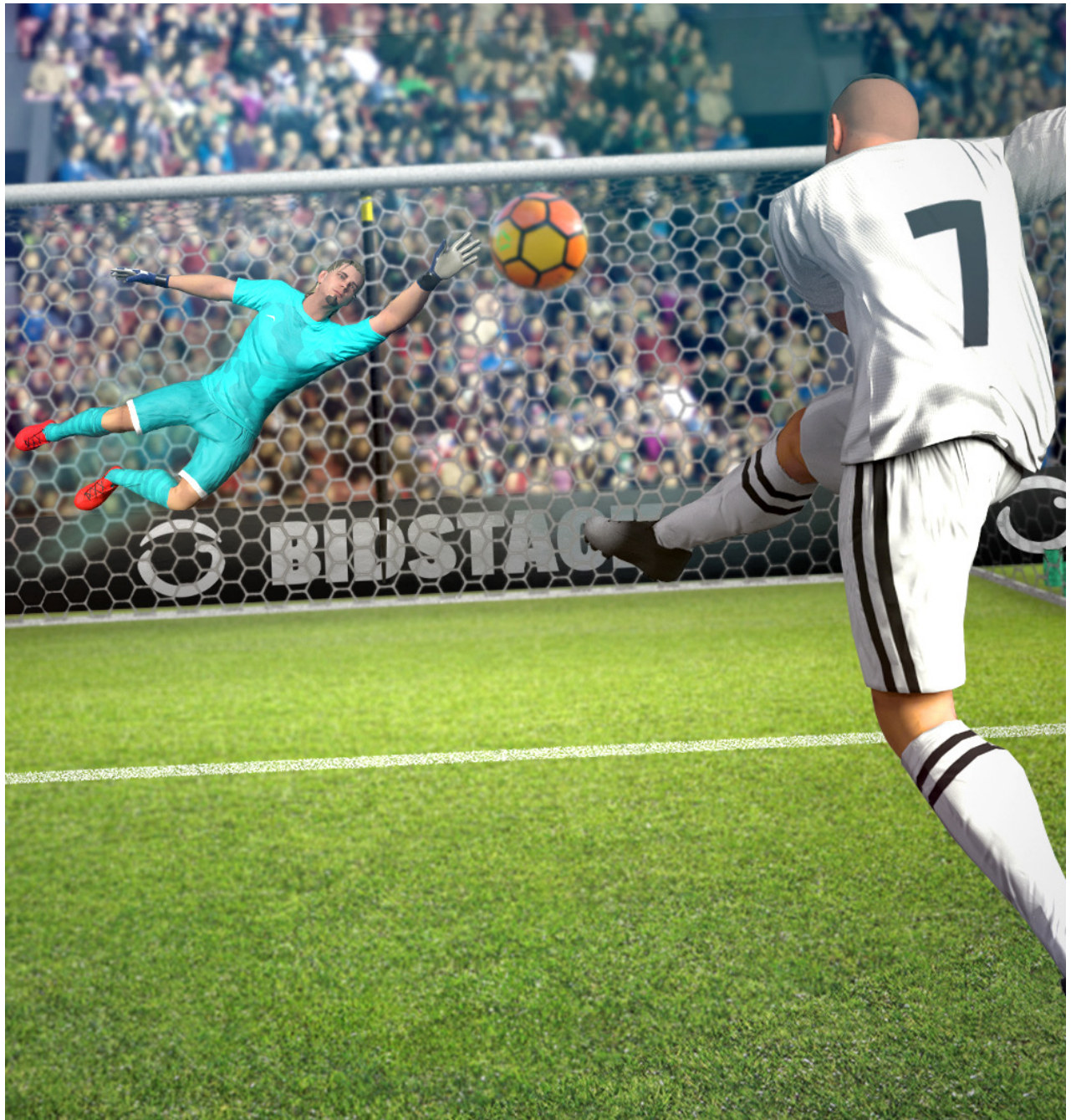
Bidstack is well positioned to capture a share of the growth trends in the >\$200bn global gaming market and the shift in the >\$850bn global media spend towards the gaming audience.

### 2. Market positioning

The quality of Bidstack's commercial partners illustrates their confidence in the Company's ability to capture an increasing market share in an emerging market. The endorsement of Bidstack and its technology is demonstrated by the growing number of AAA publishers integrating the Company's technology and Bidstack's recent signing of what is believed to be the largest programmatic in-game advertising deal on record.

### 3. White-labelling Bidstack's proprietary technology

Technology - only and SaaS licensing deals present Bidstack with a currently untapped opportunity to drive additional recurring revenues across platforms, game engines and publishers..



#### 4. Product led growth

Bidstack is focused on the scalability of its products and the value of its data at an enterprise level.

#### 5. Talent

Bidstack has an ambitious leadership team, best-in-class engineering talent and a strong operating Board with deep relationships with publishers, advertisers, regulators and other commercial partners across the industry.

# Bidstack's commitment to the local community

A letter from Nana,  
founder and CEO of BADU Sports.

BADU Sports focuses on educational and community development, using sports as our initial tool of engagement to achieve our aims. We aim to offer positive role models, advice and guidance, so that from an early age our young people form the positive habit of goal setting.

While we provide a high standard in physical education to develop a healthier body, we also provide mentoring to develop a healthier mind. In addition to this, we maintain high expectations for all our members of staff to ensure that all children we engage, develop to the best of their abilities.

As a result of the pandemic families and schools we work with were going to be hit the hardest. There is a poverty of knowledge that means many in our community do not know where to go to access the support they need.

We aimed to bridge this gap, by being a place that supported them through all their needs – from food distribution, to mental health support, to a space to work.

Here East and Plexal were pivotal in providing us with the space and resources we needed to deliver for our community. All of the organisations here get it and want to help.



Here East is a campus full of genuinely good people. This is evident by our relationship with Bidstack, they understood our vision and allowed opportunities to be created for our organisation, young people and families.

Our relationship with Bidstack allowed us to be a part of a partnership with Norwich City Football Club which saw us featured on their home and away shirts. This was definitely a pinch me moment. Most importantly this relationship has created opportunities for young people to see a larger organisation at work and be involved in this.

We are grateful for the work we have done and are doing together and now we look forward to developing this further into the future.

Nana

# Financial Overview

In 2021, Bidstack accelerated through its second year of commercialisation in its core markets the UK and US.

£2.6m

Revenue

£0.95m

Gross Profit

36%

Gross Margin

(£6.3m)

Net Loss

£7.1m

Net Cash Balance

## Overview

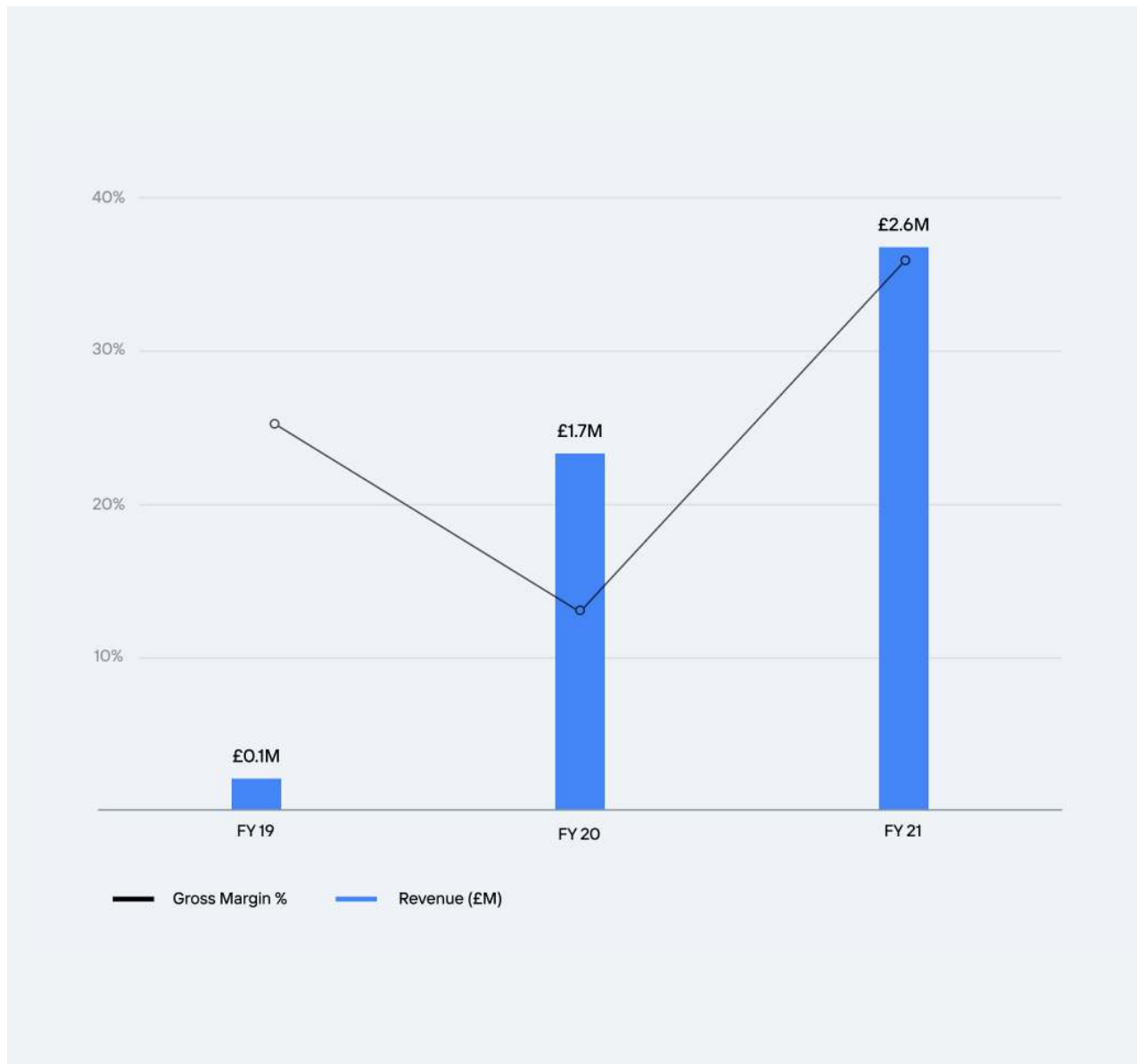
The number of advertisers Bidstack work with has grown to over 70 (FY20: 35) and the portfolio of game titles has risen to 58. The campaigns are evolving from test spends to recurring campaign spend in multiple markets. The business has also witnessed a significant increase in the visibility of its pipeline as the fundamentals of the business have matured.

This culminated in the transformational agreements announced towards the end of 2021 where we first secured a global leader in digital interactive entertainment's AAA mobile portfolio across multiple formats, including exclusivity for one of its biggest sporting franchises, and, second, a \$30m revenue guarantee for 2 years commencing 1 March 2022. These are significant transactions for the whole of the emerging in-game advertising industry, not just for Bidstack.

## Trading

In 2021, Bidstack delivered revenue of £2.6m (FY20: £1.7m) which grew by 55%. More importantly, the business has focussed on converting higher margin transactions during the year. The significant increase in Bidstack's gross margin to 36% (FY20: 13%) is testament to the great work undertaken by the commercial teams.

## Revenue and gross margin (£M)

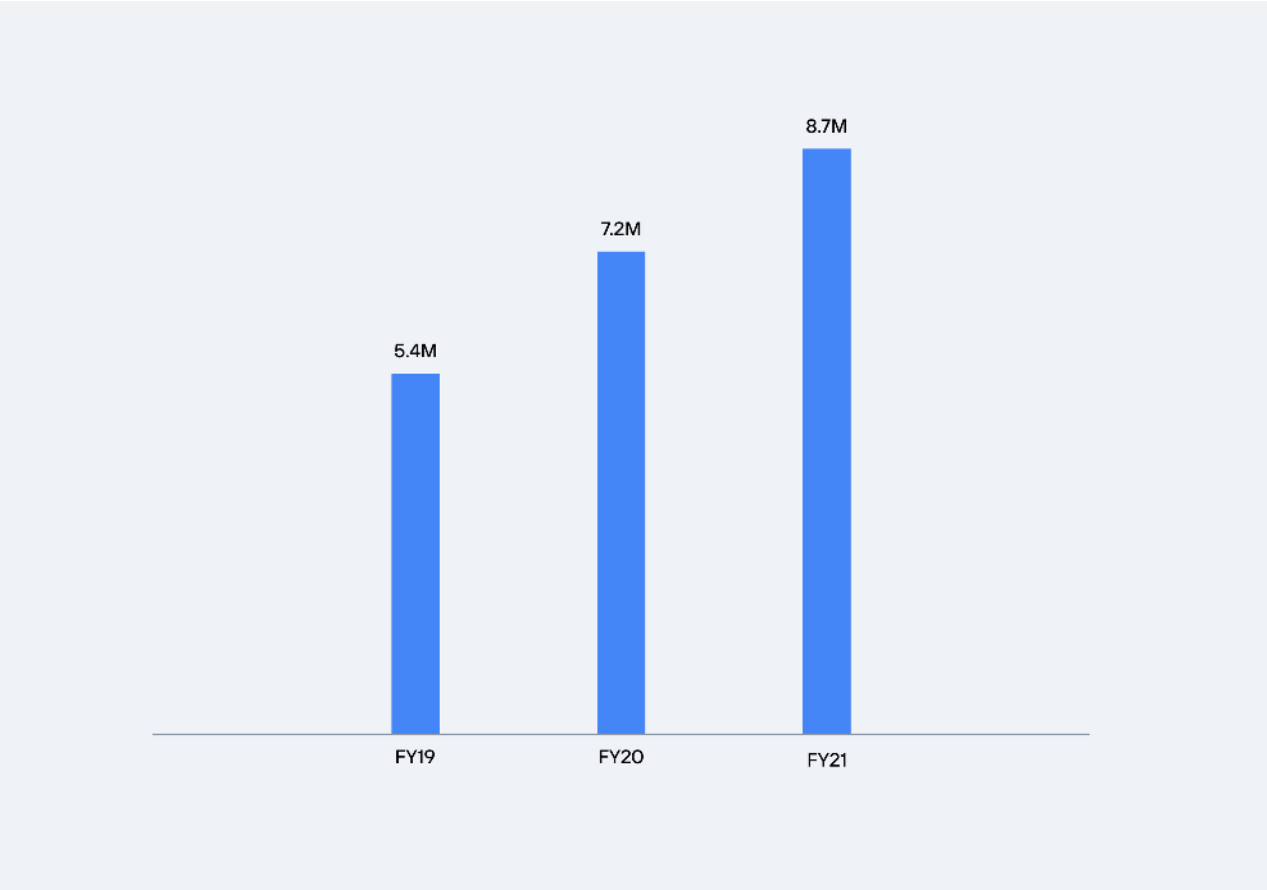


FY19 £0.14m/FY20 £1.7m/FY21 £2.6M] [FY19 25%/FY20 13%/FY21 36%

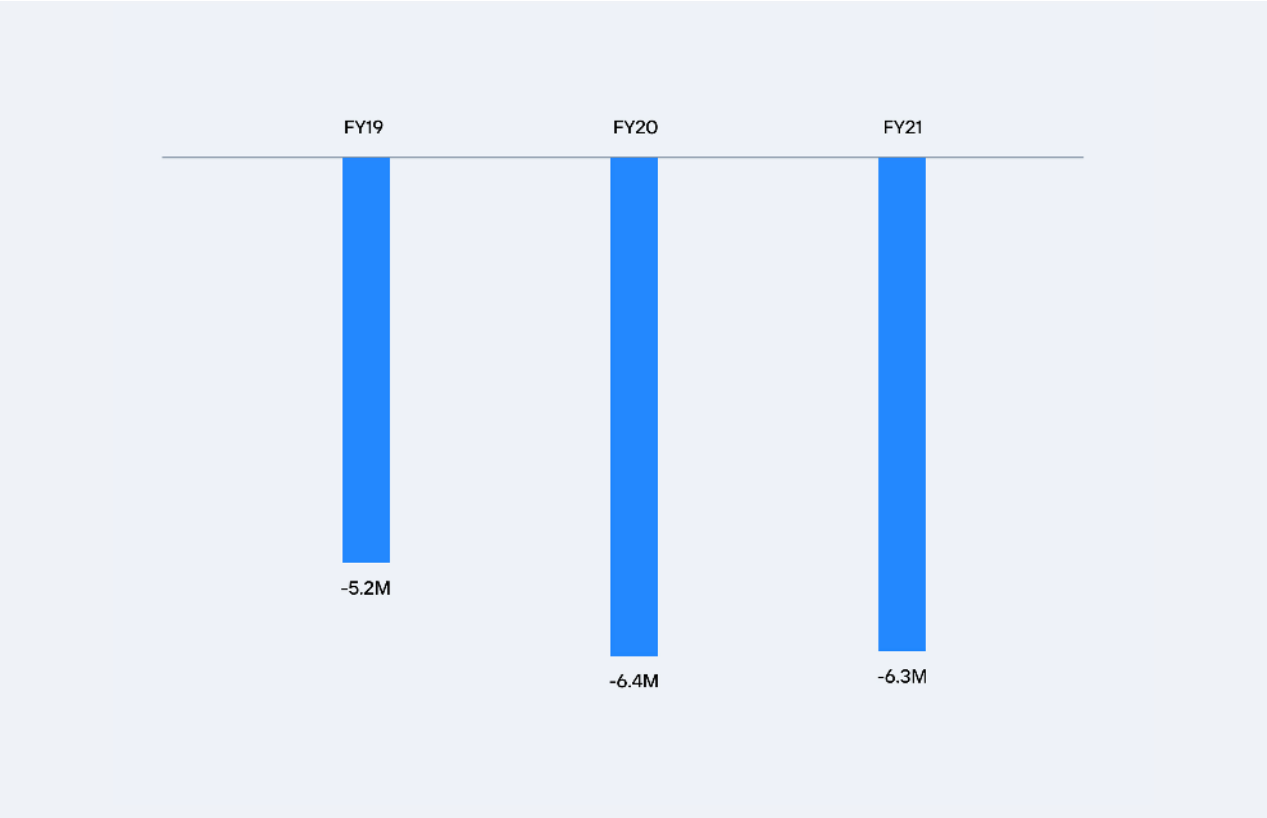
The transition from test spend to “on-plan” campaign spend is a positive mix driver which has also improved the quality of revenue. This is reflected in the growth of both of our core markets with the US growing 116% year on year and EMEA by 36%, compared to 2020.

The headline operating expenses (excluding exceptional items) of £8.7m (FY20: £7.2m) grew by 20% year on year. The increase is primarily driven by staff costs which represents the investment in headcount (excluding Directors) averaging 73 in 2021 (FY20: 49). This investment was crucial and allowed the business to continue to build out its commercial team and drive execution across sales and publisher business development while reinforcing the product team.

Operating expenses (Excluding exceptional items) (£M)

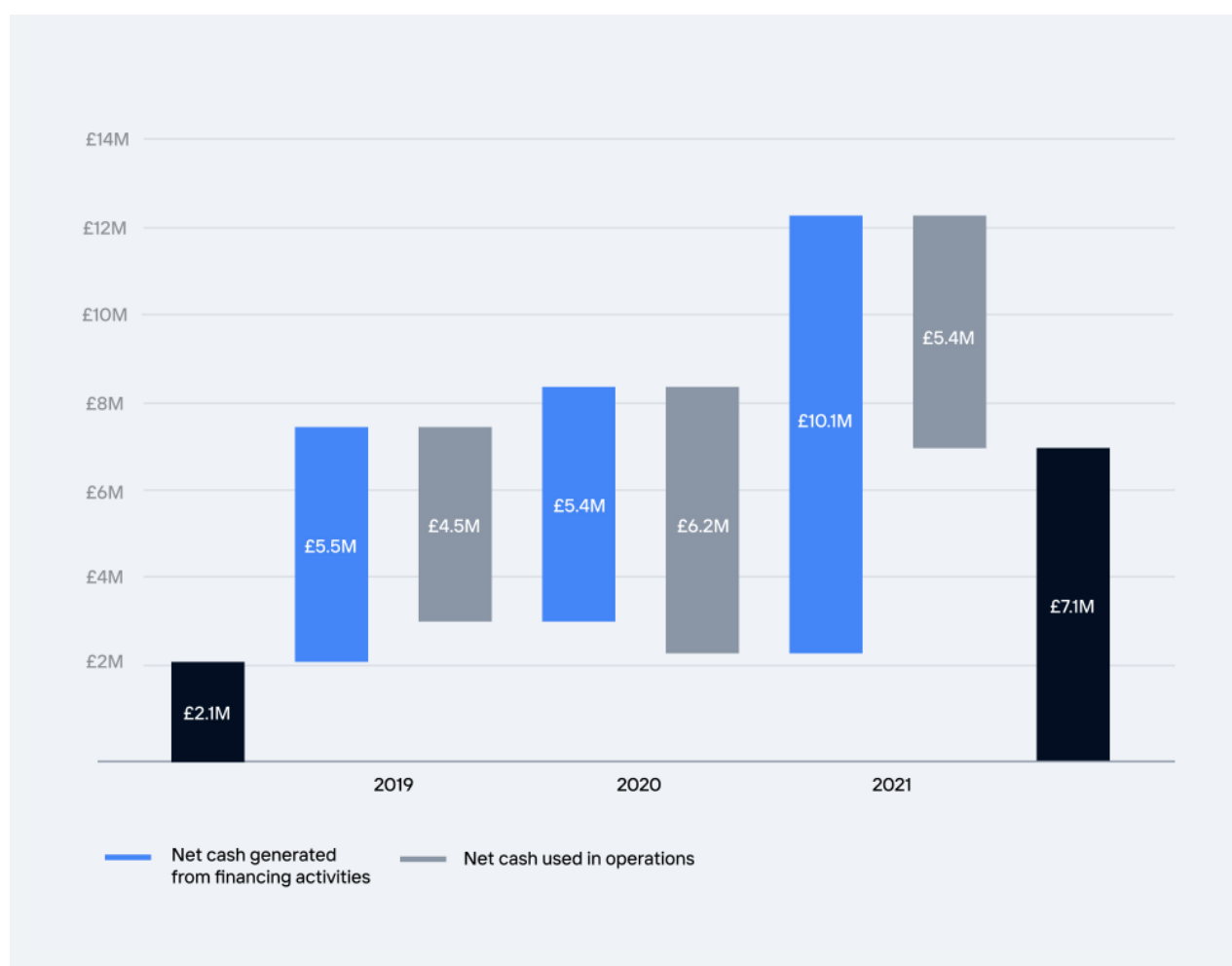


Net loss (£M)





## Cash flow bridge 2019 - 2021 (£M)



FY19 £3.1m/ FY20 £2.4m/ FY21 £7.1m

At the year end, the cash balance held was £7.1m (FY20: £2.3m), in line with market expectations. The movement reflects the successful fundraise in July 2021 of £10.86m (before expenses), significant improvement in gross margin and enhanced the investment in innovation qualifying for R&D tax credits. Net cash used in operations before tax adjustments has remained relatively flat at £6.2m over the last two years, reflecting the Group's careful management of its working capital.



# Company Information

Directors	J Draper F Petruzzelli G Calvert L Hau B Neider D Stewart
Company Secretary	D Garvey
Registered Number	04466195
Registered Office	Plexal Here East 14 East Bay Lane London E15 2GW
Nominated Adviser	Spark Advisory Partners Limited 5 St John's Lane London EC1M 4BH
Broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
Independent Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Solicitors	Kepstorn Solicitors 7 St James Terrace Lochwinnoch Road Kilmacolm PA13 4HB
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Company Website	<a href="http://www.bidstackgroup.com">www.bidstackgroup.com</a>

# Chairman's Statement

## Introduction

2021 has been a further year of significant progress for Bidstack resulting not only in increased revenues for the year, but also, for the first time, in material certainty in respect of minimum revenue levels for FY22 and FY23. In addition, capital availability and substantial gross margin improvements place the Group in a strong position for continued growth.

I am pleased with the Company's progress in 2021, which has prioritised improving the quality of revenues and gross margin alongside strategic investments in key talent and operations. During the year Bidstack deliberately elected not to pursue some lower margin revenue opportunities and has, instead, improved margins through concentrating on developing high quality, higher margin activities.

The undoubted highlights of 2021 both came at the end of the year, proving that the Company was following the appropriate, long-term approach.

In December 2021 Bidstack entered into two industry leading agreements:

The first, with a global leading AAA digital interactive entertainment company, will provide Bidstack with access to a world-class mobile games portfolio including exclusive access to one of the world's largest sporting franchises.

The second, a ground-breaking initial two-year partnership agreement with Azerion Holding B.V. (Azerion), the leading pan-European digital entertainment and media platform, is expected to grow Bidstack's global sales footprint exponentially thanks to Azerion's established team of over 1,000 employees operating across 26 offices in 18 countries.

## 2021 Highlights

- Successful raise of £10.86m (before expenses) in July 2021.
- Secured a revenue stream of a guaranteed minimum of US\$30 million advertising spend over two years, commencing 1 March 2022.
- Signed a landmark commercial partnership with Azerion, the leading pan-European digital entertainment and media platform, who are now Bidstack's exclusive commercial partner across its inventory from March 2022 until March 2024.
- Signed a multiple format advertising agreement covering the mobile portfolio of one of the world's leading AAA digital interactive entertainment companies which includes exclusivity for one of the publisher's biggest sporting franchises.
- Brand count doubled year-on-year to 70 (FY20: 35).
- Publisher portfolio nearly tripled year-on-year to 58 (FY20: 20).
- Growing global footprint: active in over 30 markets (FY20: 17).
- Structural improvement in gross margins, associated with optimising and scaling in-game advertising revenue.

As a result, FY21 gross margins have improved significantly, to 36% (FY20: 13%) and, while revenues for FY21 were below

market expectations, audited gross profit and year-end cash were in line with market expectations. In addition, after audited non-cash charges and exceptional items, net losses were also in line with market expectations.

## Progress in 2021

### Publishers and Developers

During FY21, Bidstack has made significant progress in onboarding titles across stadium, racing and open world environments as well as Unity, Unreal and custom games engines adding 38 titles to its portfolio of games.

These titles include the following:

In July 2021, the Company's portfolio was bolstered by its exclusive partnership with mobile games company Nordeus, for its flagship football management game "Top Eleven", a partnership with Rebound Capital Games for its mobile title Tennis Manager 2021 and a partnership with T-Bull S.A. (WSE: TBL), one of the largest mobile game developers in Poland, for its free-to-play title Racing Classics PRO: Drag Race & Real Speed.

In August 2021 the Company announced a partnership with Motionlab Interactive for its leading mobile game, PDC Darts Match and a partnership with the independent Turkish developer Suji Games commencing with its free-to-play simulation title Hyper Airways.

## Chairman's Statement (continued)

The Company announced the addition of Football Kicks, the third title from Slovakian mobile games studio Inlogic, in September 2021 adding to previous titles Soccer Cup and Tennis World Open.

October 2021 brought the announcement of an exclusive partnership with Toronto based game studio Tangent Interactive Media Inc. for its interactive story game Storylines: Fashion & Passion, which is scheduled for release in Spring 2022.

In November 2021, Bidstack announced a new partnership with Wildlife Studios Limited, creators of one of the world's most popular mobile tennis games, Tennis Clash and the addition of three new and exclusive titles from Dovetail Games, Train Simulator 2022, Train Sim World 2 and Bassmaster Fishing 2022.

In December 2021, Bidstack entered into an agreement with a leading, global AAA game publisher. The multi-year and multiple advertising format deal gives the Company the ability to place advertising across the publisher's mobile portfolio. The deal also gives Bidstack exclusivity to one of the world's largest sporting franchises.

In the same month the Company's portfolio of games was further extended through three new gaming partners: Gold Town Games (World Hockey Manager), Spinoff Games (Disc Golf Valley) and, one of Europe's top mobile game developers for an award-winning life simulation title.

### Advertisers and Brands

In April 2021, Bidstack's brand activations were publicly recognised in the Campaign Media Awards 2021 by winning the Fashion & Beauty category with Publicis' Starcom UK for Paco Rabanne, which significantly increased its online sales, spontaneous awareness and propensity among young men to see its "Invictus" fragrance as a great gift for men in their early twenties through its in-game campaign.

During the year Bidstack worked with leading brands across travel, technology, apparel, luxury and food delivery platforms. This highlights the growing diversification of the roster of brands and campaign spend evolving from test spend to recurring on-plan spend which provides visibility.

Also in December 2021, Bidstack entered what the Directors believe to be one of the industry's largest programmatic in-game advertising deals to date, a landmark commercial partnership with Azerion, the leading pan-European digital entertainment and media platform. The deal gives Azerion's SSP and sales teams exclusive access to all of Bidstack's advertising formats and will see Azerion become Bidstack's sole external reseller. The initial two-year partnership will grow Bidstack's global sales footprint exponentially thanks to Azerion's established team of over 1,000 employees operating across 26 offices in 18 countries.

Azerion has subsequently listed on the Euronext Amsterdam through a SPAC on 1 February 2022 where they will continue to grow their digital entertainment and media company.

### Product

Bidstack announced in February 2021, the results of its work with leading media measurement vendor Moat by Oracle ("Moat") to verify in-game inventory as a trustworthy media channel. The campaign was run with Dentsu's DGame on Football Manager 2021 in the UK on behalf of a leading global financial institution that measured general invalid traffic ("GIVT"). The analysis of Bidstack's PC inventory compared to Moat's benchmark performed 3.5x better than the industry and more than 99% observed impressions were verified as GIVT free.

In October 2021, Bidstack launched a new mobile ad format for brands with its innovative 'in-menu' format offering clickable display banners allowing brands to deliver integrated ads into game menus, user interfaces and loading screens which can be placed on a programmatic basis. Ads appear as in-game banners alongside other menu items and players can click on the ad to discover more. In-menu ads mean that game developers can now run integrated campaigns across two separate locations within the game with Bidstack; backing up the brand awareness campaign appearing in the gameplay with clickable interactive ads in menus, loading screens and other user interfaces.

2021 also saw material developments with the IAB, the Company's industry trade body, in defining "in-game" as a new formal advertising category and providing scalable guidelines. The establishment of an IAB US committee, of which Bidstack is an active member, is expected to expand the foundational framework which is being delivered in the UK. Progress is encouraging, with key industry stakeholders across the value chain unified in creating industry standards which should enable frictionless growth.

### Board and Advisory Committee Appointments

On 22 April 2021, Lisa Hau joined the Board as an Executive Director and Glen Calvert became an independent Non-Executive Director.

Prior to joining Bidstack in May 2020, Lisa led investor relations at WPP PLC following five years as an equity research analyst heading up coverage for the European media and internet sector with Jefferies, a leading multinational investment bank.

Glen is the founder of Kaizan.ai, an AI start up that augments the intelligence of teams, having been COO of Fnatic Ltd, widely regarded as one of the biggest brands and most successful esports teams. Previously Glen was a founder and CEO of programmatic marketing company Affectv and, prior to that, a member of the founding team at Struq, an advertising personalisation platform, which was acquired by Quantcast in 2014. Glen joined Bidstack's advisory Board in August 2020.

## Chairman's Statement (continued)

On 23 July 2021 Bryan Neider joined the Board as an independent Non-Executive Director and Chair of the Audit Committee.

Bryan, a Certified Public Accountant, is a technology, media and gaming veteran who brings more than 25 years of experience from his tenure at Electronic Arts, a global leader in digital interactive entertainment, where he served in a variety of leadership roles. Bryan is currently CEO of AbilityPath, an organisation creating opportunities for greater independence for children, youth and adults through diverse, individualised education and support services. He also serves on several not-for-profit boards, is a founding Board member for Santa Clara University's Centre for Innovation and Entrepreneurship, is an advisory Board member for the College of Business and Economics at California State University, serves on the boards of three technology start-ups and has been an advisor to a venture capital fund in Silicon Valley. He was appointed to the Bidstack Advisory Committee in October 2019.

On 1 February 2021 the Company announced it has accepted the resignation of Derek Wise from the Board to pursue other business interests.

On 22 April 2021 Mike Hayes stepped down from the Board and onto the Company's Advisory Committee, to continue supporting Bidstack's journey with his valuable industry experience with game developers and investors.

On 30 September 2021, John McIntosh resigned from his Executive Board position as Chief Financial Officer in order to pursue other business opportunities. Since then Bhavesh Hirani, Head of Finance, has been acting as Interim Chief Financial Officer of the Company. Bhavesh is a qualified Chartered Management Accountant and joined Bidstack in November 2020 from Reward Insight Ltd, an award winning customer loyalty platform. He previously held roles with Ministry of Sound, Playphone Inc and Havas Media.

I would like to take the opportunity to thank each of Derek, Mike and John for their respective service on the Board and Board Committees, their sage advice and their valuable contributions to the growth and success of the business.

### Financial Summary

The summary income results for the Company for the year under review are as follows:

	2021	2020
12 months ended 31 December	£000	£000
Sales	2,623	1,695
Gross Profit	949	225
Total Overheads	8,904	7,218
Adjusted (loss) before tax	<b>(7,958)</b>	<b>(6,992)</b>

The Company raised £10.86m (before expenses) in July 2021 as a result of a placing and subscription of 543,157,516 million new ordinary shares with institutional and other investors, including certain directors, at 2 pence per share.

The Company ended 2021 with cash reserves of £7.1 million (2020: £2.35 million). While the Company is currently well capitalised, the Board remains focussed on maintaining improved gross margins and managing the Group's operational costs that allow Bidstack to deliver against signed opportunities and deliver additional long-term value for Shareholders.

## Chairman's Statement (continued)

### Outlook and Prospects

There are many reasons to face Bidstack's future with confidence.

With contractually guaranteed minimum revenues of US\$30m scheduled to arise over the next 24 months, Bidstack has significant revenue visibility for FY22 and FY23. The Company has a robust pipeline of additional AAA and independent titles in contract or in active negotiation stage.

Over the coming months, the arrangements with Azerion will be implemented and rolled out, and the multiple ad format deal with one of the world's leading AAA game publishers is expected to facilitate the deployment of significant demand by advertisers and brands.

In addition, the Company will remain focussed on its gross margins in the coming year.

In 2022 progress has continued to be encouraging. So far this year Bidstack has:

- announced a global partnership with GroupM's Xaxis to scale brand investment into Bidstack's gaming portfolio;
- commenced the roll out of its media sales partnership with Azerion in multiple markets to scale advertising spend across gaming portfolio in line with the Board's expectations;
- experienced rapid growth of its portfolio of games from 58 to over 100 across all ad-formats: in-game, in-menu and rewarded video growing DAUs, impressions, markets and addressable audience;
- participated in the IAB's first ever PlayFronts for the gaming industry in New York, which is an annual marketplace dedicated to advertising and partnership opportunities, showing the development of the industry.

The Board expects that revenues for FY22 will be considerably greater than FY21 but still significantly second-half weighted. This is supported by top-line visibility underpinned by a 2-year minimum revenue guarantee. The phasing will reflect onboarding and ramping up of the contract throughout the year.

We believe that Bidstack is now well established, both in terms of product and revenue generation, as a leading player in the in-game digital advertising industry.

Donald Stewart  
Chairman

27 April 2022

# Strategic Report

## Principal Activity

Bidstack is an advertising technology company which provides dynamic, targeted and automated in-game advertising for the global video games industry across multiple platforms. Its proprietary technology is capable of inserting adverts into:

- natural advertising space within video games;
- in-game menus and start up screens; and
- by way of rewarded video;

across multiple video games platforms (mobile, PC and console)

## Going Concern

The Board continues to adopt the going concern basis to the preparation of the financial statements as it is confident of the Group continuing operations into the foreseeable future, although material uncertainty exists in relation to the group's ability to raise funds to sustain its operations.

The Board's forecasts for the Group include due consideration for contracted minimum revenues, additional future revenues from anticipated new lines of business, potential future capital in-flows, continued operating losses, projected increase in cash-burn of the Group (and taking account of reasonably possible changes in trading performance and also changes outside of expected trading performance) for a minimum period of at least twelve months from the date of approval of these financial statements. However, the Group forecasts assume that further equity fundraising will take place in the next twelve months in order to implement its growth strategy and operate as a going concern. Although the entity has had past success in fundraising and continues to attract interest from investors, making the Board confident that such fundraising will be available to provide the required capital, there can be no guarantee that such fundraising will be available and, accordingly, this constitutes a material uncertainty over going concern.

Notwithstanding the above, the Board has considered various alternative operating strategies should these be necessary in the light of actual trading performance not matching the Group's forecasts given current macro-economic conditions and is satisfied that such revised operating strategies could be adopted, if and when necessary. Therefore, the Directors consider the going concern basis of preparation is appropriate.

The financial statements have been prepared on a going concern basis and do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on pages 60 to 63.

The financial statements at 31 December 2021 show that the Group generated an operating loss for the year of £7.9 million (2020: £6.9 million) after accounting for the costs directly related to the issue of shares of £0.75 million (2020: £0.033 million); with cash used in operating activities of £6.2 million (2020: £6.2 million). Group balance sheet also showed cash reserves at 31 December 2021 of £7.1 million (2020: £2.3 million). The Group is dependent on further equity fundraising in order to operate as a going concern for at least twelve months from the date of approval of the financial statements. Although the entity has had past success in fundraising and continues to attract interest from investors, making the Board confident that such fundraising will be available to provide the required capital, there can be no guarantee that such fundraising will be available. Accordingly, this constitutes a material uncertainty over going concern.

## Key Performance Indicators

The Group's KPI's provide a critical measure of the Group's revenue potential and are constantly evolving to reflect the Group's progressing business model.

The Board's focus for 2022 is primarily the execution and the roll out of its arrangements with Azerion and Xaxis to place multiple ad formats within Bidstack's rapidly growing inventory across mobile, PC, cloud gaming and VR formats whilst maintaining gross margin. Bidstack expects to add significant numbers of further games from its robust pipeline of AAA and independent titles. Additional supply across console games is also anticipated in the coming twelve months.

In addition, the Board expects to make material investment in 2022 to progress further use-cases for Bidstack's technology to create technology-only and software-as-a-service transactions that are expected to drive additional recurring revenue over and above the Group's advertising revenue.



Principal risks and uncertainties

The Board places a high degree of emphasis on de-risking the operations of the business wherever possible. The model for the future development of the Group is outlined in the Strategic Report (pages 64 to 67). The Management Team aim to operate the business to ensure objectives are met while not putting the business at significant financial, operational or reputational risk.

The Interim Chief Financial Officer has been charged with managing the Group’s company-level risks. The risk items are monitored and updated monthly. The risk table below is reviewed at the Audit Committee. We monitor risks and uncertainties that can impact the performance of the Group, some of which are beyond the control of the Group. These are reviewed at monthly board meetings where the Company’s performance is assessed against its strategy and budget. This enables the Board to determine and mitigate the Company’s risk environment, which includes:

Risk	Mitigation
<p><b>Liquidity</b> – Until the Group reaches a positive cash generative position, the Group’s future cash position remains subject to the availability of funding and continued shareholder support. The funding of its costs together with future growth, place sustained demand on the Group’s overall cash resources. The Group relies on being able to arrange and maintain sufficient financing.</p>	<p>Management monitors the working capital requirements of the business to finance its growth plans as part of its day-to-day control procedures.</p> <p>The Board assesses cash flow projections monthly (and more regularly when required) to ensure that appropriate funding resources are ready and available to be drawn on, when required.</p>
<p><b>Pandemic</b> – In a dynamic, ever-moving coronavirus environment the Group is dependent on its staff being able to operate to the best of their ability, its suppliers being able to be engaged and then deliver and its customers having unimpeded access to Bidstack’s products and services.</p> <p>While the stay at home message across the world has provided the gaming sector with an unparalleled boost an increasing return to apparent normality appears to be accompanied by continued growth in the sector. The risk is whether the Company can successfully harness this growth and manage the demands on the Company’s product suite.</p>	<p>Management has been monitoring the risk and potential impact of the Coronavirus on the business, its principal risks and the operations. As the Group’s products and principal operations are cloud based the Company’s systems can all be accessed remotely by all our staff. Bidstack has managed to operate effectively throughout the pandemic and, as staff return to full time office working and face to face meetings, the Company’s operations remain highly effective.</p> <p>Our key suppliers are technology led and therefore service continues to be provided.</p>
<p><b>Talent retention</b> – The Group is dependent on key members of its management team. Their services cannot be guaranteed, and the loss of their services may have a near-term material effect on the Group’s performance. There can be no assurance that the Group will be able to attract and retain all personnel necessary for the future development and operation of the business.</p>	<p>Bidstack’s founders remain material Shareholders and are also incentivised in alignment with Shareholders’ interests towards the long-term growth of the Group. In addition, the Group operates a share option scheme to incentivise other employees and enable them to benefit from growth in the business. The Board will continue to ensure that key personnel are appropriately sourced, engaged and incentivised where required.</p>
<p><b>Competition</b> – The Group’s investment in technology may be affected by the development of more successful technology or applications by competitors who may have greater financial, marketing, operational and technological resources than the Group.</p>	<p>The Board believes that its contract with Azerion together with the growth of its inventory portfolio and positive testimonials received from clients following integration provides tangible evidence that Bidstack’s technology is perceived as best-in-class.</p>

Continued next page →

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

Risk	Mitigation
<p><b>IT services and infrastructure</b> – Like every other business dependent on the internet, the Group cannot guarantee that there will be no disruption in the availability or performance of the Bidstack platform, or the terms on which it is made available, which could have a material adverse effect on the business.</p>	<p>The Group's IT infrastructure is distributed across a multiple server network. This ensures that if one server were to fail, the Group's architecture and content could still be accessed by users via other access points. Management undertakes a regular risk review against best practice methods. Management also recognise the opportunity to utilise third party technology solutions when time or resources are not immediately available; or until the appropriate internal resource can be sourced.</p>
<p><b>Business Interruption</b> – Ability to appropriately prepare for and respond to a crisis or major disruption to key operations either across the Group, in a key region/location, or via a critical supplier - such as the Group's business environment being subject to the conditions noted above by the global impact of the Coronavirus pandemic.</p>	<p>We acknowledge the importance of proactively ensuring a consistent and effective business continuity management process across the Group. The shut-down of parts of the global business world due to the COVID pandemic presented an environment which demonstrably increased audiences in the Gaming sector, mitigating certain demand-side risks the Group faces.</p>
<p><b>Publishing partner growth</b> – Success of the Group's strategy relies on its on-going ability to secure additional games with advertising opportunities. There can be no assurance that the Group will maintain its success in this area.</p>	<p>The Group continues to engage with a number of AAA game studios and others in relation to the provision of popular titles. Games developers and publishers are incentivised to provide advertising in their games by the potential to generate significant additional revenues from advertising. Premium titles may require arrangements that guarantee a percentage of expected revenue. These incentives are modelled to mitigate the risk and ensure appropriate decisions are made on a case by case basis, where appropriate.</p>
<p><b>Converting client opportunities</b> – Success of the Group's strategy depends on its ability to generate revenues from impressions of advertisements seen by video game players and other observers of the gaming environment. The major advertising agencies operating in the programmatic space have built up revenues from brands over a long period and may have some discretion as to where advertising budgets are spent. There can be no assurance that the Group will be successful in persuading brands and agencies.</p>	<p>The announcement of the Group's recent arrangements with GroupM's Xaxis provides evidence that appropriate brands will want to use native in-game advertising to reach an active audience which, by and large, does not watch television or engage with other more traditional media outlets. The Group continues to work with other leading communication agencies to create additional advertising trading agreements and frameworks.</p>

Continued next page →

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

Risk	Mitigation
<p><b>Brand Safe Advertising space</b> – It is imperative to established brands and their agencies that their ads do not appear on a screen alongside other inappropriate content and advertisements. In addition, certain products and product types may not be shown to game players based on age or product type restrictions. The appearance of ads by quality brands alongside offensive content could result in a loss of trust by brands and agencies which would have an adverse effect on the perception of the Group.</p>	<p>Native in-game advertising is possibly the most brand safe advertising environment there is. Bidstack’s platform can ensure that content is filtered so as not to be seen by those who are too young or are resident in territories where relevant products are restricted. In addition, Bidstack has copy clearance procedures with the games publishers to ensure restricted content can be removed.</p>
<p><b>Foreign Exchange</b> – The Company is exposed to a variety of currencies and currently earns revenue in US dollars, Sterling and Euros. Brexit is no longer a specific issue for the Company’s operations but its impact may still cause fluctuations in the near-term value of Sterling, making forecasting more difficult.</p>	<p>Given the early level of the sector maturity and the difficulty of estimating future cash flows the Group’s current finance strategy is not to hedge long-term currency positions. There is anticipated to be a degree of natural hedging in some markets, where both revenues and costs arise in local currency.</p>

### Forward looking statements

The Strategic Report on pages 64 to 67 has been prepared for the Shareholders of the Company, and no other persons. The Strategic Report may contain forward-looking statements or anticipated outcomes that are subject to the principal risks noted above along with, the economic and sector specific circumstances within the markets in which the business operates. The purpose is to assist Shareholders of the Company to assess the strategies adopted by the Group and the potential for those strategies to succeed, and for no other purpose. The Directors believe that the expectations reflected in the Strategic Report are reasonable but they may be affected by all of the principal risks, which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in the Strategic Report will be realised. The forward-looking statements reflect the data and knowledge available at the time.

### Employment without discrimination

The Company is committed to offering employment on the basis of aptitude and ability. We hire and promote our people regardless of gender, orientation, origin, creed, disability or any other inappropriate discrimination.

### Environmental and social

In our day-to-day business, we commit to comply with applicable environmental laws, and the Directors believe that the direct impact of the Group’s operations on the environment is low. We also look to tread lightly through good housekeeping practices such as reducing energy consumption, using sustainable resources and recycling waste.

In addition, Bidstack has worked closely with Badu Sports, which mentors and inspires young, underrepresented people in East London providing social inclusion and opportunity revolving around the local community. Bidstack brought Badu together with Norwich City Football Club to provide Badu participants with first-hand experience and exposure to a professional football club and the many roles that exist within it in a way the Directors believe will be transformational for many young lives. The three-way partnership resulted in a joint nomination for Best Corporate Social Responsibility Scheme Award at the Football Business Awards 2021.

# Governance

## Directors, senior managers and employees

At 31 December 2021, there were five male and one female directors of the Company and the Company had 74 other employees.

## Section 172 Statement

Under section 172 of the Companies Act 2006 ("Section 172"), a director of a company must act in a way that they consider, in good faith, and would most likely promote the success of the company for the benefit of its members as a whole, taking into account the non-exhaustive list of factors set out in Section 172.

Section 172 also requires directors to take into consideration the interests of other stakeholders set out in Section 172(1) in their decision making.

Bidstack's key stakeholders include its investors, employees, advertisers and advertising agencies, technology partners and games developers and publishers.

The Company's strategy is to expand and further monetise its product suite primarily through the execution and roll out of its arrangements with Azerion and Xaxis to place multiple ad formats within Bidstack's rapidly growing inventory across mobile, PC, cloud gaming and VR formats. In addition, the Company expects to further develop its associated complementary technologies to create technology-only and software-as-a-service transactions that are expected to drive additional recurring revenue over and above the Group's advertising revenue. Upon the successful implementation of the Company's strategy, the Company is likely to have an expanded range of internal and external stakeholders, relations with which the Board will take into consideration when making decisions on Company strategy.

Engagement with our Shareholders plays an essential role in Bidstack's business. We are cognisant of fostering an effective and mutually beneficial relationship with our Shareholders. Our understanding of our Shareholders is factored into boardroom discussions regarding the potential long-term impacts of our strategic decisions.

Post the reporting period end, the Directors have continued to have regard to the interests of the Company's stakeholders, including the potential impact of the Group's future activities on the community, the environment and the Company's reputation when making decisions. The Directors also continue to take all necessary measures to ensure the Company is acting in good faith and fairly between Shareholders and is promoting the success of the Company for its Shareholders in the long-term.

The table below acts as our Section 172 statement by setting out the key stakeholder groups, their interests and how the Company engages with them. Given the importance of stakeholder focus, long-term strategy and reputation to the Company, these themes are also discussed elsewhere in this Annual Report.

Stakeholder	Why we engage	How we engage
Our Investors	We maintain and value regular dialogue with our financial stakeholders throughout the year and place great importance on our relationship with them. We know that our investors expect a comprehensive insight into the financial performance of the Company, and awareness of long-term strategy and direction. As such, we aim to provide high levels of transparency and clarity about our results and long-term strategy and to build trust in our future plans. In addition, we seek independent analyst coverage and comment regularly to Shareholders in relation to the Group's performance vis-à-vis market expectations.	<ul style="list-style-type: none"><li>• Regular independent analysis of the Group and its performance for the benefit of investors</li><li>• Annual Report</li><li>• Company website</li><li>• Shareholder circulars</li><li>• AGM</li><li>• RNS announcements</li><li>• Press releases</li></ul>

Continued next page →

## Governance (continued)

### Section 172 Statement (continued)

Stakeholder	Why we engage	How we engage
Our Employees	Our people are at the heart of the growth of our business. Effective employee engagement leads to an effective, incentivised, healthier workforce who are invested in the success of the Group and who are all pulling in the same direction. Our engagement seeks to address any employee concerns regarding working conditions, health and safety, training and development, as well as workforce diversity.	<ul style="list-style-type: none"> <li>• Introduction of the role of Head of People and Culture.</li> <li>• Improving the range of benefits offered to employees</li> <li>• Evaluation and feedback processes for employees and management</li> <li>• Competitive rewards packages</li> <li>• Encouraging employee training and development</li> <li>• Flat communication structure with Executive Board</li> </ul>
Advertisers and Advertising Agencies	The advertisers and advertising agencies which work with the Group have unique requirements that require understanding, diligence and trust in our offering. We listen to and engage with advertisers and agencies on a constant basis to ensure that we understand their needs and can provide solutions that address them. We strive to ensure that relevant information is easily accessible and customer concerns are dealt with in a timely and professional manner.	<ul style="list-style-type: none"> <li>• Continual dialogue and communication at both commercial and technology levels with advertisers and advertising agencies</li> <li>• Continual review of feedback to ensure satisfaction</li> <li>• Dedicated team for Client Services and Operations to ensure advertiser and agency concerns are addressed</li> <li>• Face to face meetings with brands and agencies to further develop relationships</li> </ul>
Technology Partners	Our technology is at the centre of our business. We connect with programmatic sales and publishing platforms, media measurement and verification, game engines and other interfaces. We are also expanding our business with technology only and software-as-a-service offerings. We work closely with third party software engineers and developers and technology suppliers such as Moat by Oracle.	<ul style="list-style-type: none"> <li>• Appointed Chief Technology and Product Officer</li> <li>• Work closely with technology providers to understand and resolve issues</li> <li>• Understanding from our technology team results in positive feedback from third parties</li> </ul>
Games Developers and Publishers	We have a growing number of games developers and publishers with whom we have built strong relationships with and strongly value. These developers and publishers are key to growing our inventory of advertising opportunities which is the bedrock of our attractiveness to advertisers and advertising agencies. We establish effective technical and commercial engagement channels to ensure our relationships remain collaborative and forward focused, and to foster relationships of mutual trust and loyalty.	<ul style="list-style-type: none"> <li>• Building strong partnerships with games developers and publishers through open two-way dialogue, technology integration processes and regular face to face meetings</li> <li>• The integration of our technology into additional games provides tangible evidence of the success of our relationships with games developers and publishers allowing ongoing review and monitoring of relevant performance levels</li> </ul>

## Governance (continued)

### Section 172 Statement (continued)

The above statement should be read in conjunction with the Strategic Report (on pages 64 to 67) and the Company's Corporate Governance Statement.

The Strategic Report was approved by the Board of Directors on 27 April 2022 and was signed on its behalf by:

James Draper  
CEO of Bidstack Group PLC

27 April 2022

# Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

## Strategic Report

The principal activity of the Group, its strategy and business model are set out on pages 64 to 67.

## Corporate Governance

The Corporate Governance Report is set out on pages 68 to 70.

## Results and dividends

The results of the Group for the year ended 31 December 2021 are set out on page 85 and show an operating loss for the year of £7,955,259 (2020: loss of £6,993,558). The directors do not recommend the payment of a dividend (2020: £Nil).

## Financial risk management

The Group's financial instruments comprise cash, liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors review the policies for managing each of these risks on an on-going basis. These policies have remained unchanged from previous periods. Details of the use of financial instruments by the Company are contained in note 24 of the financial statements.

## Going Concern

The Board continues to adopt the going concern basis to the preparation of the financial statements as it is confident of the Group continuing operations into the foreseeable future, although material uncertainty exists in relation to the Group's ability to raise funds to sustain its operations.

The Board's forecasts for the Group include due consideration contracted minimum revenues, additional future revenues from anticipated new lines of business, potential future capital in-flows, continued operating losses, projected increase in cash-burn of the Group (and taking account of reasonably possible changes in trading performance and also changes outside of expected trading performance) for a minimum period of at least twelve months from the date of approval of these financial statements. However, the Group forecasts assume that further equity fundraising will take place in the next twelve months in order to implement its growth strategy and operate as a going concern. Although the entity has had past success in fundraising and continues to attract interest from investors,

making the Board confident that such fundraising will be available to provide the required capital, there can be no guarantee that such fundraising will be available and, accordingly, this constitutes a material uncertainty over going concern.

Notwithstanding the above, the Board has considered various alternative operating strategies should these be necessary in the light of actual trading performance not matching the Group's forecasts given current macro-economic conditions and is satisfied that such revised operating strategies could be adopted, if and when necessary. Therefore, the Directors consider the going concern basis of preparation is appropriate.

## Substantial Shareholders

On 31 December 2021 the following Shareholders held an interest of 3% or more of the ordinary share capital of the Company:

Shareholder	Ordinary shares of 0.5p	% of issued share capital
James Draper	39,760,562	4.27%
Rathbones	31,248,102	3.35%
Ayanda Capital	30,000,000	3.22%
Canaccord Genuity	99,150,000	10.64%

As at 31 December 2021 no other person had reported an interest of 3% or more in the Company's ordinary shares.

## Directors' Report (continued)

### Directors

The Directors who held office during the year were as follows:

#### Director

D Stewart	Non-Executive Chairman	–
J Draper	Executive	–
F Petruzzelli	Executive	–
L Hau	Executive	Appointed 22 April 2021
G Calvert	Non-Executive	Appointed 22 April 2021
B Neider	Non-Executive	Appointed 23 July 2021
J McIntosh	Executive	Resigned 30 September 2021
M Hayes	Non-Executive	Resigned 22 April 2021
D Wise	Non-Executive	Resigned 01 February 2021

### Directors' Emoluments

Directors during the year		Salary/Fees/ Benefits £	Share-based payment £	Total Emoluments £	2020 £
D Stewart <sup>1</sup>	Chairman	40,000	885	40,885	80,859
J Draper	Executive	310,000	11,430	321,430	151,971
F Petruzzelli	Executive	310,000	11,430	321,430	151,314
L Hau	Executive	181,250	14,549	195,799	–
B Neider	Non-Executive	17,635	590	18,225	–
G Calvert	Non-Executive	20,000	590	20,590	–
J McIntosh	Executive	240,000	28,277	268,277	151,661
M Hayes	Non-Executive	10,000	2,690	12,690	48,039
D Wise	Non-Executive	2,500	–	2,500	56,186
		<b>1,131,385</b>	<b>70,441</b>	<b>1,201,826</b>	<b>640,030</b>

<sup>1</sup> Donald Stewart, Chairman, is also a consultant to Kepstorn Solicitors. Fees for corporate and legal services of £42,450 (2020: £32,430) were charged by Kepstorn during the year ended 31 December 2021, of which £38,730, related to Kepstorn's fees for in relation to the fundraise in July 2021. As at 31 December 2021, £Nil was owed to Kepstorn Solicitors (2020: £Nil).



## Directors' Report (continued)

### Long Term Incentive Plan

On 21 December 2021, the Company adopted a new Long Term Incentive Plan (LTIP). On the recommendation of the Remuneration Committee, the Company made an aggregate of 91,000,000 Long Term Incentive Plan awards, including awards to James Draper, Francesco Petruzzelli and Lisa Hau.

The LTIP awards to each of the Directors in each set of awards will vest over a three year period. All of the LTIP awards, when vested, will be exercisable on payment of nominal value only.

The First Awards have been made to the Directors as follows:

Name	2022	2023	2024	Total
James Draper	6,000,000	6,000,000	6,000,000	18,000,000
Francesco Petruzzelli	6,000,000	6,000,000	6,000,000	18,000,000
Lisa Hau	1,000,000	1,000,000	1,000,000	3,000,000

The Second Awards have been made to the Directors as follows:

Name	2022	2023	2024	Total
James Draper	6,000,000	6,000,000	6,000,000	18,000,000
Francesco Petruzzelli	6,000,000	6,000,000	6,000,000	18,000,000
Lisa Hau	1,000,000	1,000,000	1,000,000	3,000,000

The relevant targets will be set by the Remuneration Committee based on the consensus of market expectations.

Further details on the LTIP scheme can be found in Note 22.

### Statement of compliance with the Corporate Governance Code

The Group complies with the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code") as revised and reissued in May 2018.

Donald Stewart, in his capacity as Non-Executive Chairman, has assumed responsibility for leading the Board effectively and ensuring that the Group has appropriate corporate governance standards in place and that these standards are observed and applied within the Group as a whole.

The corporate governance arrangements that the Board has adopted are intended to ensure that the Group delivers medium and long-term value to its Shareholders. The Board maintains a regular dialogue with its major investors and other professional investors, providing them with such information on the Group's progress as is permitted by the AIM rules, MAR and the requirements of the relevant legislation.

It should be noted that all the Directors are Shareholders and/or option holders in the Group and that both Mr Draper and Mr Petruzzelli are founders and Shareholders. The Directors therefore view their own medium and long-term interests to be integrally linked to the medium and long-term value of the Group and, as such, the interests of the Directors are directly aligned with those of the Shareholders.

The Board currently consists of three Independent Non-Executives, Donald Stewart, Bryan Neider and Glen Calvert, and three Executive Directors, James Draper, Francesco Petruzzelli and Lisa Hau.

The Company has constituted an advisory committee of selected individuals with experience in areas relevant to the business growth, whose remit is to provide strategic input and direction to the Board and to assist with introductions to key counterparties.

The QCA Code sets out ten principles that should be applied. These are listed on the Company's website at [www.bidstackgroup.com](http://www.bidstackgroup.com) together with an explanation of how the Company applies each of the principles. The ten principles are:

1. Establish a strategy and business model which promote long-term value for Shareholders
2. Seek to understand and meet Shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

5. Maintain the Board as a well-functioning, balanced team led by the chair
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board
10. Communicate how the company is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders.

Set out below are further disclosures on certain particularly relevant principles.

#### Principle 1 – Business Model and Strategy

Bidstack is a provider of multi format in-game advertising that is dynamic, targeted, and automated, serving the global video games industry across multiple platforms. Its proprietary technology is capable of inserting adverts into natural advertising space within video games and in-game menus, user interfaces and loading screens.

Bidstack has two sets of customers. On the demand side are advertising agencies, buyers for specific brands and operators of programmatic advertising platforms. On the supply side are games publishers, owners and developers.

As set out in the Strategic Report above, the Board has concluded that the highest medium and long-term value can be delivered to its Shareholders by focusing the Group's resources during 2022 on business development, both technical and commercial.

For further information on the market, the future strategy of the Group and the risks the Board consider to be the most significant for potential investors, Shareholders are referred to the Strategic Report set out on pages 64 to 67 above.

#### Principle 4 – Risk Management

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and recognises the need for an effective and well-defined risk management process. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of the Group's

## Directors' Report (continued)

### Statement of compliance with the Corporate Governance Code (continued)

principal risks.

The Board has delegated certain authorities to committees, each with formal terms of reference. As part of its terms of reference, the Audit Committee is obliged, inter alia, to keep under review the Group's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems, review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action, review the Group's procedures for detecting fraud and review the Group's systems and controls for the prevention of bribery.

#### **Principle 5 – A Well-functioning Board of Directors**

The Board is responsible for the management of the business of the Group, setting the strategic direction of the Group and establishing the policies of the Group. It is the Board's responsibility to oversee the financial position of the Group and monitor the business and affairs of the Group on behalf of Shareholders, to whom the Directors are accountable. The primary duty of the Board is to act in the best interests of the Group at all times. The Board also addresses issues relating to internal control and the Group's approach to risk management.

The Board consists of three Executive Directors, comprising the Chief Executive Officer, Chief Operations Officer and Managing Director, and three Non-Executive Directors, including the Chairman.

Donald Stewart chairs the Board. The Executive Directors have industry and technical knowledge and expertise (James Draper and Francesco Petruzzelli), investor relations, operations and financial expertise (Lisa Hau) with additional financial expertise being provided by Bhavesh Hirani (Head of Finance) and John McIntosh (CFO). The Non-Executive Directors have legal, accounting, public market, leadership and people management experience (Donald Stewart, Glen Calvert and Bryan Neider). David Garvey, General Counsel and EVP of Operations, acts as the Company Secretary.

The Board holds board meetings monthly and whenever issues arise which require the urgent attention of the Board. The Executive Directors are full time employees, and the Non-Executive Directors are expected to devote at least two days per month to the affairs of the Company and such additional time as may be necessary to fulfil their roles.

The Board has established an Audit Committee and a Remuneration Committee. The Company considers that, at this stage of its development, and given the current size of its Board, it is not necessary to establish a formal Nominations

Committee and nominations to the Board will be dealt with by the whole Board. This position is reviewed on a regular basis by the Directors.

All the Non-Executive Directors are Shareholders and the Board does not consider this affects the performance of their duties. All three Non-Executive Directors sit on the Audit Committee, which is chaired by Bryan Neider (who is a Certified Public Accountant) and on the Remuneration Committee, which is chaired by Glen Calvert.

During the year under review the Board held eight regular board meetings, at which all the members of the Board attended. In addition, the Board met formally a further five times for specific purposes including to approve publication of the Annual Report and Accounts for 2020 and to approve publication of the Interim Accounts for the period to 30 June 2021, to approve the Company's fundraise and in relation to the grant of options and Long Term Incentive Plan (LTIP) award. In addition to the Company's formal board meetings, all of the directors regularly discuss matters affecting the business and the strategy of the Group.

#### **Principle 6 – Appropriate Skills and Experience of the Directors**

The Group believes that the current balance of skills within the Board as a whole reflects a broad and appropriate range of commercial, technical and professional skills relevant to the sector in which the Group operates and its status as an AIM listed company.

Biographical details of each of the Directors and officers are set out below:

##### *Donald Stewart - Non-Executive Chairman*

Appointed to the Board on 1 December 2015, Donald is a Solicitor and has practiced corporate law, particularly focused on smaller quoted companies, for over 30 years. Between April 2013 and July 2015, he was on the Board of AIM quoted Progility PLC and, before that, had been a Corporate Partner in the London office of a global law firm. He is a former director (and past Chairman) of the Quoted Companies Alliance and is currently a Founder and Director of Tecc Capital PLC, quoted on the Access segment of the AQSE Growth Market. Donald brings extensive experience of quoted companies, legal and regulatory issues, corporate governance and of the role of Chairman. As a practicing Solicitor, Donald is required to keep his skills up to date through continuing professional development.

##### *James Draper - Chief Executive Officer*

James founded Bidstack in 2015 utilising more than 15 years of commercial experience to launch his own business. Since the initial launch he has seen the Company grow from a one man operation to an international business which trades on

## Directors' Report (continued)

### Statement of compliance with the Corporate Governance Code (continued)

the AIM Market of the London Stock Exchange. Under his stewardship, Bidstack became the first ever Crowdcube funded company to go public after he pivoted the business into video gaming in 2017 with an industry-establishing deal with SEGA Europe and has since raised over £25 million for Bidstack. James leads the business as a whole and brings core management, marketing and strategic vision and an intimate knowledge of all aspects of the Bidstack business to the Board.

#### *Francesco Petruzzelli - Managing Director*

Francesco has more than 10 years of international, commercial and start-up experience. As a founder of multiple tech start-ups he joined Bidstack in 2015 as Chief Technology Officer and Co-Founder, where he focused on shaping the development of the in-game advertising category, evolving Bidstack's technical ecosystem and driving innovation and growth. Francesco now leads the team's commercial strategy across all aspects of the business and brings to the Board software technical and development experience, technical sales and a comprehensive understanding of the Bidstack business.

#### *Lisa Hau - Executive Director*

Lisa joined Bidstack in April 2020 with more than 15 years international experience most recently at WPP, a constituent of the FTSE 100 where she led investor relations and Jefferies where she was an equity analyst heading coverage for European Media and Internet. Lisa oversees day to day operations for Bidstack and works closely with the Management Team on strategy, corporate and business development and investor relations. Lisa graduated from the University of Technology, Sydney in 2006 and is a qualified Chartered Accountant. Lisa brings operations, financial, capital markets and investor relations expertise to the Board.

#### *Glen Calvert - Non-Executive Director*

Glen joined the Board in April 2021 having been on Bidstack's advisory Board since August 2020. Having been COO of Fnatic Ltd, widely regarded as one of the biggest brands and most successful esports teams, since January 2019. During 2021 he launched Kaizan.ai, an AI start up that augments the intelligence of client success teams. Previously Glen was a Founder and CEO of programmatic marketing company Affectv and, prior to that, a member of the founding team at Struq, an advertising personalisation platform, which was acquired by Quantcast in 2014. Glen brings considerable experience to the Board including strong relationships across the esports and AI sectors and among the investor community.

#### *Bryan Neider - Non-Executive Director*

Bryan, a Certified Public Accountant, joined the Board in July 2021 and is a tech, media and gaming veteran who adds significant public company and finance experience and knowhow to the Board. He became a Bidstack Advisor in October 2019 and brings more than 25 years of leadership experience from his time with Electronic Arts (EA). There he played a key role in their IPO, oversaw global business development efforts, served as their CFO and COO and headed up their Global Operations team. Bryan currently serves as the CEO of AbilityPath an organisation creating opportunities for greater independence for children, youth and adults through diverse, individualised education and support services. He also serves on several not-for-profit boards, is a founding Board member for Santa Clara University's Centre for Innovation and Entrepreneurship, is an advisory Board member for the College of Business and Economics at California State University, serves on the boards of three technology start-ups and has been an advisor to a venture capital fund in Silicon Valley.

All of the Directors have direct access to the Company's external advisers including its NOMAD, lawyers and Auditors as and when required and are able to obtain advice from other external advisers when necessary.

All Directors have access to independent legal advice at the Company's expense.

The Board will seek to take into account Board imbalances for future nominations.

#### **Principle 7 – Evaluation of Board Performance**

Due to significant changes to the Board of Directors during the year, a decision was taken to defer the internal evaluation of the Board, its Committees and individual Directors and officers to Q2 of 2022, thereafter such evaluations will be undertaken on an annual basis to ensure the Board is performing effectively as a whole. Such evaluations will be undertaken with reference to how the Director or officer has performed in fulfilling his/her specific functions, attendance at Board and Committee meetings as appropriate, and overall contribution to the Group as a whole.

The Board is aware that succession planning is a vital task and the management of succession planning represents a key responsibility of the Board. The balance of skills required of the Board as a whole is under constant review as the business develops. As a result the composition of the Board will change over time. The Board would appoint additional directors in the event that outstanding people with relevant skills are able to make the necessary commitment to drive the business forward.

## Directors' Report (continued)

### Statement of compliance with the Corporate Governance Code (continued)

#### Principle 8 – Corporate Culture

The Company recognises the importance of promoting an ethical corporate culture, interacting responsibly with all stakeholders and the communities and environments in which the Group operates. The Board considers this to be essential if medium and long-term value is to be delivered.

The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback, particularly with regard to providing a safe and enjoyable working environment for employees and seeking to ensure they are remunerated and incentivised appropriately.

The Group also works directly with games publishers and developers to understand their unique requirements, participates in gaming conferences and sponsors esports tournaments to get direct feedback from the players and viewers of video games, works closely and supportively with the IAB, the Company's industry trade body, and seeks to be regarded as a good corporate citizen by all its stakeholders within its sphere of operation. In addition, Bidstack has worked closely with Badu Sports, which mentors and inspires young, underrepresented people in East London providing social inclusion and opportunity revolving around the local community.

The Directors view their own medium and long-term interests to be integrally linked to the medium and long-term value of the Group, and, as such, the interests of the Directors are directly aligned with those of the Shareholders. The Group has adopted policies to deal with corruption and bribery and to comply with the UK Bribery Act.

#### Principle 10 – Shareholder Communication

The Board delegates authority to two Committees to assist in meeting its business objectives, and the Committees meet independently of board meetings.

##### *Audit Committee Report*

The Audit Committee comprises Bryan Neider as Chairman, Donald Stewart and Glen Calvert and meets not less than twice a year. The Committee is responsible for making recommendations to the Board on the appointment of Auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. In addition, the Audit Committee receives and reviews reports from Management and the Auditors relating to the Interim Report, the Annual Report and Accounts and the internal control systems of the Group.

As noted above the Audit Committee is also responsible for reviewing the Group's internal financial controls systems that identify, assess, manage and monitor financial risks, other internal control and risk management systems and other aspects of risk management.

During the year under review, the Audit Committee was responsible for reviewing the Company's Interim Report for the period to 30 June 2021. In addition, the Audit Committee has worked with and reviewed the work of the Company's Auditors in the production of the Annual Report and Accounts of the Company for the year ended 31 December 2021 set out in this document.

##### *Remuneration Committee Report*

The Remuneration Committee comprises Glen Calvert as Chairman, Bryan Neider and Donald Stewart which meets not less than twice each year. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for Senior Management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Enlarged Group.

During the year under review, the Remuneration Committee made certain recommendations to the Board in relation to the salaries of the Chief Executive, the Chief Technical Officer, Chief Operations Officer, the Chief Financial Officer and certain Senior Employees.

In addition, for the year under review the Remuneration Committee did make recommendations to the Board in relation to the award of bonuses, share options and LTIP awards for the Executive Directors details of which have been disclosed under Director's interests below and certain other Senior Employees.

## Directors' Report (continued)

### Director's interests

The beneficial interests of the directors of the Company in the ordinary share capital of the Company and options and warrants to purchase such shares were:

#### 31 December 2021

Director	Ordinary Shares	Ex. Price 1.14p	Ex. Price 6p	Ex. Price 3.6p
D Stewart	3,524,876	-	-	3,000,000
J Draper	39,760,562	-	-	-
F Petruzzelli	5,750,000	4,799,500	-	-
L Hau	1,125,000	-	750,000	-
G Calvert	-	-	-	2,000,000
B Neider	750,000	-	-	2,000,000

#### Long Term Incentive Plan (LTIPS)

Director	Ex. Price 3.6p
D Stewart	-
J Draper	36,000,000
F Petruzzelli	36,000,000
L Hau	6,000,000
G Calvert	-
B Neider	-

#### 31 December 2020

Director	Ordinary Shares	Options			
		Ex. Price 1.14p	Ex. Price 6p	Ex. Price 14.4p	Ex. Price 20p
D Stewart	2,024,876	-	-	-	1,000,000
J Draper	39,760,562	-	-	-	5,000,000
F Petruzzelli	5,750,000	4,799,500	7,500,000	-	10,000,000
J McIntosh	950,000	-	1,000,000	-	500,000
M Hayes	500,000	-	-	700,000	300,000

## Directors' Report (continued)

### Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information.

The directors are not aware of any relevant audit information of which the Auditors are unaware.

By order of the Board

Donald Stewart  
Chairman

27 April 2022

# Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statement period; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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



# Independent Auditor's report to the members of Bidstack Group PLC

## Opinion

We have audited the financial statements of Bidstack Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise a consolidated statement of comprehensive income, a consolidated statement of financial position, a company statement of financial position, a consolidated statement of changes in equity, a company statement of changes in equity, a consolidated statement of cash flows and a company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to note 2 in the financial statements which indicates that the group is dependent on further equity funding to sustain itself over the following year and that there is no guarantee that such fundraising will be available. As stated in note 2 this condition indicates that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the cash flow forecasts and budgets covering the period of at least 12 months from the financial statement approval date
- Scrutinizing the cash flow forecasts and budgets and challenged the assumptions made by management.
- In particular, we challenged the central assumption around the success of an equity fundraise and obtained supporting evidence for this.

We concur with management that, the reliance of management on equity fundraising as a key source of funding in the foreseeable future constitutes a material uncertainty.

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

## An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

We performed a full scope audit of Bidstack Group plc and its three subsidiaries – Bidstack Limited, Bidstack SIA and Pubguard Limited. Our audit consisted principally of substantive tests of detail as this was deemed the most efficient and effective way of amassing sufficient reliable audit evidence.

## Independent Auditor's report to the members of Bidstack Group PLC (continued)

### Our application of materiality (continued)

#### Key audit matters

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

#### Key Audit Matter

#### How our scope addressed this matter

##### Going concern

Due to the continued losses made by the group of £6.3 million in the year ended 31 December 2021 (£6.4 million in 2020) there is a risk that the Group may not have sufficient resources to continue trading for the foreseeable future (see note 2).

As set out in note 2, a material uncertainty has been disclosed in relation to the Group's going concern status.

The "Material uncertainty related to going concern" section of the audit report features the explanation of how our audit scope addressed the Key Audit Matter around Going concern and the Material uncertainty associated with it.

##### Revenue recognition

The group earned revenue of £2,623,413 in the year ended 31 December 2021. There is a risk that revenue is recognised inappropriately and not in accordance with IFRS 15.

We agreed cash received to revenue in order to gain comfort over its occurrence and completeness. We also agreed a sample of recorded revenue transactions to appropriate evidence of customer acceptance.

We have reviewed and challenged management's judgment in applying relevant requirements of IFRS 15

As a result of our procedures we conclude that the group's revenue is stated accurately in all material aspects.

##### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken based on the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider total assets to be the financial metric of most interest to shareholders and other users of the financial statements. Total assets is deemed to be the most appropriate benchmark as the Group is still in early stage growth and, as such, revenue and net loss are volatile and not representative of the longer term prospects of the business

We originally determined materiality for the group to be £179,000 which equated to approximately 2% of draft total assets, which we considered was within a suitable range for calculating materiality using a gross asset benchmark. Although the final reported gross assets increased from the draft total assets, we did not consider it necessary to revise the materiality threshold because we considered that materiality of 1.7% of total assets remained appropriate.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the group was set at £134,250.

We agreed with the management that we would report all individual audit differences identified during the course of our audit in excess of £8,950. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

## Independent Auditor's report to the members of Bidstack Group PLC (continued)

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act

2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 80, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

## Independent Auditor's report to the members of Bidstack Group PLC (continued)

### Our application of materiality (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the business and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their critical accounting estimates and judgements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the 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.

Ian Cliffe (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors  
10 Queen Street Place  
London  
EC4R 1AG

27 April 2022

# Consolidated statement of comprehensive income

for the year ended 31 December 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Revenue	4	2,623,413	1,695,620
Cost of Sales		(1,674,190)	(1,470,389)
<b>Gross Profit</b>		<b>949,223</b>	<b>225,231</b>
Administrative expenses	5	(8,681,927)	(7,218,789)
Exceptional items	6	(222,555)	-
<b>Total administrative expenses</b>		<b>(8,904,482)</b>	<b>(7,218,789)</b>
<b>Operating loss before acquisition related costs</b>		<b>(7,955,259)</b>	<b>(6,993,558)</b>
Finance income	9	180	2,525
Finance costs	9	(3,392)	(1,179)
<b>(Loss) before taxation</b>		<b>(7,958,471)</b>	<b>(6,992,212)</b>
Taxation	10	1,661,027	597,035
<b>(Loss) for the year</b>		<b>(6,297,444)</b>	<b>(6,395,177)</b>
<b>Other comprehensive income</b>			
<b>Items that will or may be reclassified to profit or loss:</b>			
Exchange translation		10,589	-
<b>Total comprehensive (loss) for the year</b>		<b>(6,286,855)</b>	<b>(6,395,177)</b>
<b>Loss per share – basic (pence)</b>	11	<b>(1.21)</b>	<b>(1.65)</b>

The notes on pages 92 to 115 form part of these financial statements.

# Consolidated statement of financial position

as at 31 December 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	12	248,760	279,955
Property, plant and equipment	14	46,519	28,388
Right of use asset	16	7,280	7,577
<b>Total non-current assets</b>		<b>302,559</b>	<b>315,920</b>
<b>Current assets</b>			
Trade and other receivables	18	2,752,036	2,391,300
Cash and cash equivalents	19	7,086,906	2,347,114
<b>Total current assets</b>		<b>9,838,942</b>	<b>4,738,414</b>
<b>Total assets</b>		<b>10,141,501</b>	<b>5,054,334</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	8,950,048	6,234,261
Share premium account	21	35,375,326	27,984,716
Share-based payment reserve	21	1,589,965	1,282,556
Merger relief reserve	21	6,508,673	6,508,673
Reverse acquisition reserve	21	(23,320,632)	(23,320,632)
Warrant reserve	21	71,480	71,480
Exchange reserve	21	10,589	-
Retained losses	21	(21,876,346)	(15,578,902)
<b>Total equity</b>		<b>7,309,103</b>	<b>3,182,152</b>
<b>Non-current liabilities</b>			
Lease liability	15	4,180	-
<b>Total non-current liabilities</b>		<b>4,180</b>	<b>-</b>
<b>Current liabilities</b>			
Trade and other payables	20	2,824,920	1,863,739
Lease liability	15	3,298	8,443
<b>Total current liabilities</b>		<b>2,828,218</b>	<b>1,872,182</b>
<b>Total equity and liabilities</b>		<b>10,141,501</b>	<b>5,054,334</b>

The financial statements on pages 85 to 91 were approved by the board of Directors on 27 April 2022 and signed on its behalf by

Donald Stewart  
Chairman of Bidstack Group PLC

The notes on pages 92 to 115 form part of these financial statements.

# Company statement of financial position

as at 31 December 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right of use asset	16	7,280	7,577
Investments	17	7,477,841	7,477,841
<b>Total non-current assets</b>		<b>7,485,121</b>	<b>7,485,418</b>
<b>Current assets</b>			
Trade and other receivables	18	15,094,021	10,376,056
Cash and cash equivalents	19	6,746,220	2,286,435
<b>Total current assets</b>		<b>21,840,241</b>	<b>12,662,491</b>
<b>Total assets</b>		<b>29,325,362</b>	<b>20,147,909</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	8,950,048	6,234,261
Share premium account	21	35,375,326	27,984,716
Share-based payment reserve	21	1,589,965	1,282,556
Merger relief reserve	21	6,508,673	6,508,673
Warrant reserve	21	76,457	76,457
Retained losses	21	(23,311,955)	(22,190,773)
<b>Total equity</b>		<b>29,188,514</b>	<b>19,895,890</b>
<b>Non-current liabilities</b>			
Lease liability	15	4,180	-
<b>Total non-current liabilities</b>		<b>4,180</b>	<b>-</b>
<b>Current liabilities</b>			
Trade and other payables	20	129,370	243,576
Lease liability	15	3,298	8,443
<b>Total current liabilities</b>		<b>132,668</b>	<b>252,019</b>
<b>Total equity and liabilities</b>		<b>29,325,362</b>	<b>20,147,909</b>

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £1,121,182 (2020: loss of £1,154,593).

The financial statements on pages 85 to 91 were approved by the board of Directors on 27 April 2022 and signed on its behalf by:

Donald Stewart  
Chairman of Bidstack Group PLC

The notes on pages 92 to 115 form part of these financial statements.

# Consolidated statement of changes in equity

for the year ended 31 December 2021

	Share capital £	Share premium £	Share-based payment reserve £	Merger relief reserve £	Reverse acquisition reserve £	Exchange reserve £	Warrant reserve £	Retained losses £	Total equity £
<b>Balance 01/01/2020</b>	5,516,759	23,283,880	734,365	6,508,673	(23,320,632)	-	71,480	(9,183,725)	3,610,800
Issue of shares	717,502	5,032,518	-	-	-	-	-	-	5,750,020
Costs of raising equity	-	(331,682)	-	-	-	-	-	-	(331,682)
Share-based payments	-	-	548,191	-	-	-	-	-	548,191
Loss & total comprehensive income for the year	-	-	-	-	-	-	-	(6,395,177)	(6,395,177)
<b>Balance 31/12/2020</b>	<b>6,234,261</b>	<b>27,984,716</b>	<b>1,282,556</b>	<b>6,508,673</b>	<b>(23,320,632)</b>	<b>-</b>	<b>71,480</b>	<b>(15,578,902)</b>	<b>3,182,152</b>
Issue of shares	2,715,787	8,147,363	-	-	-	-	-	-	10,863,150
Costs of raising equity	-	(756,753)	-	-	-	-	-	-	(756,753)
Share-based payments	-	-	307,409	-	-	-	-	-	307,409
Loss for the year	-	-	-	-	-	-	-	(6,297,444)	(6,297,444)
Loss & total comprehensive income for the year	-	-	-	-	-	10,589	-	-	10,589
<b>Balance 31/12/2021</b>	<b>8,950,048</b>	<b>35,375,326</b>	<b>1,589,965</b>	<b>6,508,673</b>	<b>(23,320,632)</b>	<b>10,589</b>	<b>71,480</b>	<b>(21,876,346)</b>	<b>7,309,103</b>

The notes on pages 92 to 115 form part of these financial statements.



# Company statement of changes in equity

for the year ended 31 December 2021

	Share capital £	Share premium £	Share-based payment reserve £	Merger relief reserve £	Warrant reserve £	Retained losses £	Total equity £
<b>Balance 01/01/2020</b>	5,516,759	23,283,880	734,365	6,508,673	76,457	(21,036,180)	15,083,954
Issue of shares	717,502	5,032,518	-	-	-	-	5,750,020
Costs of raising funds	-	(331,682)	-	-	-	-	(331,682)
Share-based payments	-	-	548,191	-	-	-	548,191
Loss for the year	-	-	-	-	-	(1,154,593)	(1,154,593)
<b>Balance 31/12/2020</b>	<b>6,234,261</b>	<b>27,984,716</b>	<b>1,282,556</b>	<b>6,508,673</b>	<b>76,457</b>	<b>(22,190,773)</b>	<b>19,895,890</b>
Issue of shares	2,715,787	8,147,363	-	-	-	-	10,863,150
Costs of raising funds	-	(756,753)	-	-	-	-	(756,753)
Share-based payments	-	-	307,409	-	-	-	307,409
Loss for the year	-	-	-	-	-	(1,121,182)	(1,121,182)
<b>Balance 31/12/2021</b>	<b>8,950,048</b>	<b>35,375,326</b>	<b>1,589,965</b>	<b>6,508,673</b>	<b>76,457</b>	<b>(23,311,955)</b>	<b>29,188,514</b>

The notes on pages 92 to 115 form part of these financial statements.

# Consolidated statement of cash flows

as at 31 December 2021

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<b>Cash flows from operating activities</b>		
(Loss) before taxation	(7,958,471)	(6,992,212)
<b>Adjustments for:</b>		
Amortisation – Intangibles	31,195	31,574
Amortisation – Right of use asset	10,377	19,621
Depreciation	24,160	13,021
Equity settled share-based payments	307,409	548,191
Doubtful debts expenses	(2,073)	(19,265)
Interest received	(180)	(2,525)
Interest paid	3,392	1,179
Exchange differences on translation of foreign operations	10,589	-
	<b>(7,573,602)</b>	<b>(6,400,416)</b>
<b>Changes in working capital</b>		
Decrease/(increase) in trade and other receivables	409,468	(1,241,792)
(Decrease)/increase in trade and other payables	961,182	1,457,069
Cash used in operations	<b>(6,202,952)</b>	<b>(6,185,139)</b>
Taxation received	892,895	-
<b>Net Cash used in operations</b>	<b>(5,310,057)</b>	<b>(6,185,139)</b>
<b>Cash flow from investing activities</b>		
Investment in intangible assets	-	(570)
Investment in property, plant and equipment	(42,291)	(19,033)
<b>Net cash flow used in investing activities</b>	<b>(42,291)</b>	<b>(19,603)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	10,863,150	5,750,020
Cost of issue	(756,753)	(331,682)
Interest paid	(3,392)	(1,179)
Principal paid on finance leases	(11,045)	(16,368)
Interest received	180	2,525
<b>Net cash generated from financing activities</b>	<b>10,092,140</b>	<b>5,403,316</b>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	<b>4,739,792</b>	<b>(801,426)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,347,114</b>	<b>3,148,540</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>7,086,906</b>	<b>2,347,114</b>

The notes on pages 92 to 115 form part of these financial statements.

# Company statement of cash flows

for the year ended 31 December 2021

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<b>Cash flows from operating activities</b>		
(Loss) before taxation	(1,121,182)	(1,154,593)
<b>Adjustments for:</b>		
Amortisation – Right of use asset	10,377	19,621
Share based payments	307,409	548,191
Interest received	(180)	(2,525)
Interest paid	1,088	1,134
	<b>(802,488)</b>	<b>(588,172)</b>
<b>Changes in working capital</b>		
Decrease/(increase) in trade and other receivables	(39,410)	48,018
(Decrease)/increase in trade and other payables	(114,207)	168,602
<b>Net cash generated from/(used in) operations</b>	<b>(153,617)</b>	<b>216,620</b>
<b>Cash flow from investing activities</b>		
Change in intercompany	(4,678,554)	(5,785,700)
<b>Net cash flow used in investing activities</b>	<b>(4,678,554)</b>	<b>(5,785,700)</b>
<b>Cash flow from financing activities</b>		
Issue of ordinary shares for cash	10,863,150	5,750,020
Costs directly related to issue of shares	(756,753)	(331,682)
Interest paid on lease liabilities	(1,088)	(1,134)
Principal paid on finance leases	(11,045)	(16,368)
Interest received	180	2,525
<b>Net cash generated from financing activities</b>	<b>10,094,444</b>	<b>5,403,361</b>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	<b>4,459,785</b>	<b>(753,891)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,286,435</b>	<b>3,040,326</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>6,746,220</b>	<b>2,286,435</b>

The notes on pages 92 to 115 form part of these financial statements.

# Notes to the financial statements

## 1 - General information

Bidstack Group PLC (the "Company") is a public limited company, limited by shares (not guarantee) and is incorporated and domiciled in the UK. The address of the registered office is Plexal Here East, 14 Easy Bay Lane, London, E15 2GW. The registered number of the company is 04466195.

## 2 - Summary of significant accounting policies

### Basis of preparation

The consolidated financial statements consolidate those of the Company and its subsidiary (together the "Group"). The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union ("IFRS-EU"), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Management has implemented logistical and organisational changes to underpin the Group's resilience to the impact felt by the COVID-19 pandemic, with the key focus being protecting all personnel, minimising the impact on critical work streams and ensuring business continuity. The effect on the economy may impact the Group in varying ways, which could lead to a direct bearing on the Group's ability to generate future cash flows for working capital purposes. The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons the generation of sufficient operating cash flows remain a risk. Management is closely monitoring commercial and technical aspects of the Group's operations to mitigate risk, and believes the Group will have access to sufficient working capital to continue operations for the foreseeable future.

### Consolidation

The consolidated financial statements consolidate the financial statements of the Company and the results of its subsidiary undertakings Bidstack Limited, Pubguard Ltd and Bidstack SIA, made up to 31 December 2021.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Although the consolidated financial information has been issued in the name of Bidstack Group PLC, the legal parent, it represents in substance continuation of the financial information of the legal subsidiary, Bidstack Ltd.

### Going concern

The Board continues to adopt the going concern basis to the preparation of the financial statements as it is confident of the Group continuing operations into the foreseeable future, although material uncertainty exists in relation to the group's ability to raise funds to sustain its operations.

The Board's forecasts for the Group include due consideration for contracted minimum revenues, additional future revenues from anticipated new lines of business, potential future capital in-flows, continued operating losses, projected increase in cash-burn of the Group (and taking account of reasonably possible changes in trading performance and also changes outside of expected trading performance) for a minimum period of at least twelve months from the date of approval of these financial statements. However, the Group forecasts assume that further equity fundraising will take place in the next twelve months in order to implement its growth strategy and operate as a going concern. Although the entity has had past success in fundraising and continues to attract interest from investors, making the Board confident that such fundraising will be available to provide the required capital, there can be no guarantee that such fundraising will be available and, accordingly, this constitutes a material uncertainty over going concern.

Notwithstanding the above, the Board has considered various alternative operating strategies should these be necessary in the light of actual trading performance not matching the Group's forecasts given current macro-economic conditions and is satisfied that such revised operating strategies could be adopted, if and when necessary. Therefore, the Directors consider the going concern basis of preparation is appropriate.

The financial statements have been prepared on a going concern basis and do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on pages 60 to 63.

The financial statements at 31 December 2021 show that the Group generated an operating loss for the year of £7.9 million (2020: £6.9 million) after accounting for the costs directly related to the issue of shares of £0.75 million (2020: £0.033 million); with cash used in operating activities of £6.2 million (2020: £6.2 million). Group balance sheet also showed cash reserves at 31 December 2021 of £7.1 million (2020: £2.3 million). The Group is dependent on further equity fundraising in order to operate as a going concern for at least twelve months from the date of approval of the financial statements. Although the entity has had past success in fundraising and continues to attract interest from investors, making

## Notes to the financial statements (continued)

### 2 - Summary of significant accounting policies (continued)

the Board confident that such fundraising will be available to provide the required capital, there can be no guarantee that such fundraising will be available. Accordingly, this constitutes a material uncertainty over going concern.

New and amended standard, and interpretations issued and effective for the financial year beginning 1 January 2021.

The adoption of the following mentioned amendments, which were all effective for the period beginning 1 January 2021, have not had a material impact on the Group's and Company's financial statements:

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

#### **New standards, interpretations and amendments not yet effective**

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue, but not yet effective (and in some cases had not been adopted by the EU):

- Amendment to IFRS 3 Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022\*
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022\*
- Annual Improvements to IFRS Standards 2018-2020 Cycle – effective 1 January 2022\*
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023\*
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies – effective 1 January 2023\*
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates – effective 1 January 2023\*

\*Not yet endorsed in the UK

Bidstack Group PLC is currently assessing the impact of these new accounting standards and amendments.

#### **Revenue Recognition**

Under IFRS 15, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The underlying principle is a five-step approach to identify a contract, determine performance obligations, the consideration and the allocation thereof, and timing of revenue recognition. IFRS 15 also includes guidance on the

presentation of assets and liabilities arising from contracts with customers, which depends on the relationship between Company's performance and the customers' payment.

Revenue from contracts with customers is recognised when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service.

The Company assesses the contract with the customer to identify the separate performance obligations which would consist of an 'access rights' and the 'provision of in-game advertising inventory'. The Company transfer of the in-game advertising inventory sold usually coincides with the delivery of that inventory and the customer being able to utilise it. The Company principally satisfies its performance obligations at that point in time and recognises revenue on delivery.

Revenue represents amounts receivable for goods and services provided in the normal course of business, and excludes intragroup sales, Value Added Tax and trade discounts. Revenue comprises of:

- Sales and development of advertising space and content which is recognised on delivery accepted by the customer.
- Sponsorship income which is recognised at the point of delivery of the service.

#### **Net finance costs**

Finance costs comprise interest on bank loans and other interest payable. Interest on bank loans and other interest is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Finance income comprises interest receivable on loans to related parties. Interest income is recognised in the Statement of Comprehensive Income as it accrues using the effective interest method.

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

#### **Taxation**

Current tax is recognised as the amount of corporation tax payable in respect of taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it

## Notes to the financial statements (continued)

### 2 - Summary of significant accounting policies (continued)

is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on initial recognition of a business combination, the tax expense/(income) is presented either in the income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- The company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- The deferred tax assets and deferred tax liabilities relate to corporation tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.
- Research and Development Tax Credits are recognised as receivables when an inflow of economic benefit is certain, until then a contingent asset in respect of probable Corporation Tax is disclosed.

#### Valuation of investments

Investment in subsidiary undertakings are accounted for at cost less impairment. Advances to subsidiaries are initially recorded at fair value based on a market rate of interest and subsequently at amortised cost. The difference between funds advanced and fair value is recorded in investments

#### Impairment of fixed asset investments

An impairment review of fixed asset investments is conducted annually, and any resulting impairment loss is measured and recognised on a consistent basis.

#### Leased assets

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the incremental

borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement.

An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

#### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of Bidstack Group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

#### Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably, the asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

## Notes to the financial statements (continued)

### 2 - Summary of significant accounting policies (continued)

Amortisation is charged on a straight-line basis through the profit or loss. The rates applicable, which represent the directors' best estimate of the useful economic life, are:

- Website costs – 5 years
- Trademarks – 10 years
- Brand – 5 years
- Software – 5 years

#### Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Depreciation is provided on all items of property, plant and equipment, so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

- Computer equipment – 33.33% straight line
- Office equipment – 20% straight line

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### Financial assets

The Group classifies all of its financial assets as loans and other receivables. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

#### Financial liabilities

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method.

#### Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share or options are

shown in equity as deduction net of tax, before proceeds.

#### Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted.

As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with fair value of goods and services received.

#### Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Pounds Sterling (£) which is also the Group's functional currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

### 3 - Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated on historical experience and other factors, including expectations of future events that are believed to be reasonable. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are

## Notes to the financial statements (continued)

### 3 - Critical accounting estimates and judgements (continued)

discussed below.

#### Share-based payments

In order to calculate the charge for share-based compensation as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option-pricing model as set out in note 22.

#### Impairment review

Impairment testing is carried out for all non-current assets at the year-end date or where there is an indication that impairment exists. For the purposes of impairment testing, the carrying amounts of the non-current assets are reviewed and an impairment loss is recognised where the carrying amounts exceed the assets recoverable amount.

#### Expected credit losses (ECLs)

Expected credit losses are shown in note 18. ECLs are determined based on historical data available to management in addition to forward looking information utilising management knowledge. Adequate information exists to support the recoverability of the net receivables balance.

#### Impairment of Goodwill

The Group records all assets and liabilities acquired in business combinations, including goodwill, at fair value. Goodwill is not amortised but is subject, at a minimum, to annual tests of impairment. The initial goodwill recorded, and subsequent impairment review require management to

determine appropriate assumptions (which are sources of estimation uncertainty) in relation to cash flow projections, the terminal growth rate and the discount rate used to discount cash flows to present value.

#### Useful economic lives of intangible and tangible assets

Annual amortisation and depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on cash generating unit performance, technological advances, future investments, economic utilisation and the physical condition of the assets.

#### Impairment of investment in subsidiary undertakings of the Company

Each year the Company considers whether there are any indications that the investments in its subsidiary undertakings are impaired. Some indications of impairment are both external such as changes in technology, interest rates and the impact of Covid-19 on the subsidiary undertaking and internal such as losses incurred in the year. In the event indicators of impairment are identified the Group performs stress-tested net cash flow assessments on the forecasted cash flow projections on the subsidiary undertaking and provide for any shortfall in the carry value of the subsidiary undertaking against future cashflow projections.

### 4 - Segmental information

During the year ended 31 December 2021 and the year ended 31 December 2020, the Group operated one business segment, that of the provision of native in-game advertising across the US and in EMEA.

The revenue has been segmented based on geographical regions US and EMEA. This is used by the chief operating decision makers to perform their role.

	31 December 2021 £	31 December 2020 £
<b>Revenue by Geographical Region</b>		
US	863,691	399,874
EMEA	1,759,722	1,295,746
	<b>2,623,413</b>	<b>1,695,620</b>



## Notes to the financial statements (continued)

### 5 - Loss for the year

	31 December 2021 £	31 December 2020 £
<b>The loss for the year has been arrived at after charging:</b>		
Depreciation of property, plant & equipment	24,160	13,022
Amortisation of Right of use assets	10,377	19,621
Amortisation of intangible assets	31,195	31,575
Equity settled share-based payments	307,409	548,191
Premises costs payments	338,369	326,386
Auditors' remuneration (note 7)	51,000	42,700

### 6 - Exceptional items

	31 December 2021 £	31 December 2020 £
Nonrecurring regulatory costs	124,555	-
Restructuring costs	98,000	-
	<u>222,555</u>	<u>-</u>

### 7 - Auditors' remuneration

	31 December 2021 £	31 December 2020 £
<b>Fees payable to the Group's Auditors in respect of:</b>		
Audit of the financial statements of the Company	19,000	17,000
Audit of the financial statements of the Company's subsidiary	26,500	21,000
Other services in relation to the audit	5,500	4,700
	<u>51,000</u>	<u>42,700</u>

## Notes to the financial statements (continued)

### 8 - Employees and directors

Staff costs, including directors, comprise:

	31 December 2021 £	31 December 2020 £
Wages and salaries	4,022,066	2,792,060
Redundancy costs	50,000	-
Social security costs	318,255	306,064
Share-based payment expense	307,408	425,002
	<u>4,697,729</u>	<u>3,523,126</u>

Directors' remuneration is as follows:

	31 December 2021 £	31 December 2020 £
Salaries and fees	576,250	520,000
Bonus	527,500	-
Pension	4,623	3,284
Redundancy	30,000	-
Share-based payment expense	70,441	116,745
	<u>1,208,814</u>	<u>640,029</u>

	2021	2020
Average number of directors	6	6
Average number of employees	73	49
	<u>79</u>	<u>55</u>

#### Key management compensation

The directors consider that the key management comprises the directors of the Group and the Head of Sales, their emoluments are set out below:

	31 December 2021 £	31 December 2020 £
Salaries and fees	782,240	729,322
Bonus	577,473	-
Pension	18,223	18,028
Share-based payments	124,343	161,687
<b>Total</b>	<u>1,502,279</u>	<u>909,037</u>

## Notes to the financial statements (continued)

### 8 - Employees and directors (continued)

#### Highest paid director

	31 December 2021 £	31 December 2020 £
Salaries and fees	310,000	150,000
Pension	1,320	1,971
Share-based payments	11,430	-
<b>Total</b>	<b>322,750</b>	<b>151,971</b>

### 9 - Finance income and finance costs

	31 December 2021 £	31 December 2020 £
Other interest receivable and similar income	180	2,525
<b>Total finance income</b>	<b>180</b>	<b>2,525</b>

	31 December 2021 £	31 December 2020 £
Other interest payable	3,392	1,179
<b>Total finance costs</b>	<b>3,392</b>	<b>1,179</b>

## Notes to the financial statements (continued)

### 10 - Taxation

#### Reconciliation of effective tax rate

Tax assessed for the year is lower than (2020: lower than) the standard rate corporation tax of 19% (2020: 19%). The differences are explained below:

	31 December 2021 £	31 December 2020 £
Loss before tax	(7,958,471)	(6,992,208)
Tax using the UK corporation tax rate of 19% (2020: 19%)	(1,512,110)	(1,328,520)
Fixed asset differences	(1,405)	-
Additional deduction for R&D expenditure	(678,618)	-
Surrender of tax losses for R&D expenditure	1,200,632	-
Foreign tax – other	(71,745)	-
Current tax – other	(916,272)	-
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	76,045	110,994
Adjustment for prior period	(744,756)	(597,034)
Deferred tax not recognised	987,202	1,390,248
<b>Total tax charge</b>	<b>(1,661,027)</b>	<b>(597,035)</b>

The Group has tax losses of approximately £17,114,866 (2020: loss of £14,612,816) to carry forward against future taxable profits.

No deferred tax asset has been recognised in relation to the trading losses available for offset against future taxable profits. The Group has not recognised deferred tax asset due to there being insufficient evidence of short-term recoverability.

### 11 - Loss per share

The loss per share is based upon the loss of £6,297,444 (2020: loss of £6,395,177) and the weighted average number of ordinary shares in issue for the year of 519,507,993 (2020: 387,633,342).

The loss incurred by the Group means that the effect of any outstanding warrants and options would be considered anti-dilutive and is ignored for the purposes of the loss per share calculation.

## Notes to the financial statements (continued)

### 12 - Intangible assets - Group

	Website costs £	Trademarks £	Software £	Brand £	Goodwill £	Total £
<b>Cost</b>						
At 1 January 2020	48,618	890	88,205	29,402	168,000	335,115
Additions	-	570	-	-	-	570
At 31 December 2020	48,618	1,460	88,205	29,402	168,000	335,685
<b>Amortisation</b>						
At 1 January 2020	14,915	193	6,785	2,262	-	24,155
Charge	9,659	204	16,284	5,428	-	31,575
At 31 December 2020	24,574	397	23,069	7,690	-	55,730
<b>Cost</b>						
At 1 January 2021	48,618	1,460	88,205	29,402	168,000	335,685
Additions	-	-	-	-	-	-
At 31 December 2021	48,618	1,460	88,205	29,402	168,000	335,685
<b>Amortisation</b>						
At 1 January 2021	24,574	397	23,069	7,690	-	55,730
Charge	9,338	145	16,284	5,428	-	31,575
At 31 December 2021	33,912	542	39,353	13,118	-	86,925
<b>Net Book Value</b>						
At 31 December 2021	14,706	918	48,852	16,284	168,000	248,760
At 31 December 2020	24,044	1,063	65,136	21,712	168,000	279,955

## Notes to the financial statements (continued)

### 13 - Goodwill and impairment

#### Goodwill impairment

The requirement for an impairment of Goodwill has been tested under the value in use method. Under both the standard review and the sensitised review, it was determined that an impairment of Goodwill will not be required due to resulting headroom available under both approaches.

#### Key Assumptions used for the value in use calculation

The value in use was determined by discounting future group cash flows from 2022-2025. Our key assumptions are as follows:

- Group revenues, cost of sales and direct expenses have been forecasted for years 2022, 2023, 2024 and 2025.
- Long-term growth is assumed at 3% p.a.
- Tax rate is assumed at 25% which is in line with the rate in the years we have earnings.
- Capex requirements have been forecasted for the years 2022, 2023 and 2024. For 2025, it is assumed to be in line with 2024.
- WACC has been calculated at 8.82% based on inputs from 31st December 2021.
- The year end cash balance for 2021 has been added back to the group value

Based on the above assumptions, a headroom of £263.9m was achieved indicating that an impairment of Goodwill isn't required as at 31 December 2021.

Under the sensitised value in use approach, we have made to following assumptions:

- Growth rate into perpetuity is at 2% (1% decrease)
- WACC at 9.82% (increase of 1%)
- Tax rate assumed at 20%
- Working capital investment as a percentage of revenue growth has increased by 1%

Based on the sensitised assumptions, a headroom of £212.8m was achieved which indicates an impairment of Goodwill isn't required as at 31 December 2021.

Management is satisfied that a reasonable change in the key assumptions used in assessing the recoverable amounts of the cash generating unit would not give rise to the recoverable amount exceeding the value in use of the Group.

Notes to the financial statements (continued)

14 - Property, plant and equipment - Group

	Office Equipment £	Computer Equipment £	Total £
<b>Cost</b>			
At 1 January 2020	8,407	28,976	37,383
Additions	2,478	16,555	19,003
Business combinations	10,885	45,531	56,416
At 31 December 2020			
<b>Depreciation</b>			
At 1 January 2020	1,217	13,789	15,006
Charge	2,984	10,038	13,022
At 31 December 2020	4,201	23,827	28,028
<b>Cost</b>			
At 1 January 2021	10,885	45,531	56,416
Additions	2,913	39,378	42,291
At 31 December 2021	13,798	84,909	98,707
<b>Depreciation</b>			
At 1 January 2021	4,201	23,827	28,028
Charge	5,333	18,827	24,160
At 31 December 2021	9,534	42,654	52,188
<b>Net book value</b>			
At 31 December 2021	4,264	42,255	46,519
At 31 December 2020	6,684	21,704	28,388

## Notes to the financial statements (continued)

### 15 - Lease liability

#### Nature of leasing activities

Bidstack Group PLC leases several computer equipment assets for its office space. Lease terms are negotiated on an individual basis and contains separate terms and conditions. The Group did not hold any property related long-term lease commitments during the year.

	31 December 2021 No.
Number of active leases	1

#### Lease liability at year end

	31 December 2021 £
<b>Non-current</b>	
Lease liability	4,180
	<u>4,180</u>
<b>Current</b>	
Lease liability	3,298
	<u>3,298</u>
<b>Total lease liability</b>	<u><b>7,478</b></u>

#### Analysis of lease liability

	Lease Liability £
At 1 January 2021	8,443
Additions	10,080
Interest expense	657
Lease payments	(11,702)
<b>At 31 December 2021</b>	<u><b>7,478</b></u>

#### Analysis of gross value of lease liabilities

	31 December 2021 £
<b>Maturity of the lease liabilities is analysed as follows:</b>	
Within 1 year	3,715
Later than 1 year and less than 5 years	4,335
After 5 years	-
<b>At 31 December 2021</b>	<u><b>8,050</b></u>



## Notes to the financial statements (continued)

### 16 - Right of use assets

	Computer Equipment £		Computer Equipment £
<b>Cost</b>		<b>Cost</b>	
At 1 January 2021	32,535	At 1 January 2020	32,047
Additions	10,080	Additions	488
At 31 December 2021	<u>42,615</u>	At 31 December 2020	<u>32,535</u>
<b>Amortisation</b>		<b>Amortisation</b>	
At 1 January 2021	24,958	At 1 January 2020	5,337
Charge	10,377	Charge	19,621
At 31 December 2021	<u>35,335</u>	At 31 December 2020	<u>24,958</u>
<b>Net book value</b>	<u>7,280</u>	<b>Net book value</b>	<u>7,577</u>

### 17 - Investments - Company

	Investments in subsidiaries £		Investments in subsidiaries £
<b>Cost</b>		<b>Cost</b>	
At 1 January 2021	7,477,841	At 1 January 2020	7,477,841
Additions	-	Additions	-
At 31 December 2021	<u>7,477,841</u>	At 31 December 2020	<u>7,477,841</u>
<b>Impairment</b>		<b>Impairment</b>	
At 1 January 2021	-	At 1 January 2020	-
Charge	-	Charge	-
At 31 December 2021	<u>-</u>	At 31 December 2020	<u>-</u>
<b>Net book value</b>	<u>7,477,841</u>	<b>Net book value</b>	<u>7,477,841</u>

## Notes to the financial statements (continued)

### 17 - Investments - Company (continued)

#### Principal subsidiary undertakings of the Company

On 05 October 2020, the Group incorporated a company, Bidstack SIA, in Latvia. On the date of incorporation, the entire issue of 2,800 shares was allotted and issued to Bidstack Limited for £2,614 (€2,800)

The subsidiary undertaking of the Company is presented below:

Subsidiary	Country of incorporation	Proportion of ordinary shares directly held	Registered office
Bidstack Limited	England and Wales	100%	Plexal, Here East, 14 East Bay Lane, London, E15 2GW
Pubguard Limited	England and Wales	100%	Plexal, Here East, 14 East Bay Lane, London, E15 2GW
Bidstack SIA	Latvia	100%	Krišjāņa Valdemāra iela 21 - 11, Rīga, Latvia, LV-1010

The principal activity of Bidstack Limited is the provision of native in-game advertising. The principal activity of Pubguard Limited is to provide content security and assurance to cross platform advertisers. The principal activity of Bidstack SIA is that of computer programming activities.

### 18 - Trade and other receivables

	Group		Company	
	31 December 2021 £	31 December 2020 £	31 December 2021 £	31 December 2020 £
Trade receivables	1,269,368	1,200,922	-	-
Prepayments and accrued income	174,172	370,479	38,202	33,337
Other receivables	392,225	273,357	15,055,819	10,342,719
Corporation tax	916,271	546,542	-	-
	<b>2,752,036</b>	<b>2,391,300</b>	<b>15,094,021</b>	<b>10,376,056</b>

As at 31 Dec 2021, the Company receivables included an Intercompany receivable due from Bidstack Ltd of £13,294,313 (FY20: £10,030,230).

#### Analysis of trade receivables

Days	<30 £	31-60 £	61 -90 £	> 90 £	Total Gross £	ECL £	Total Net £
2021	745,922	190,612	282,186	50,648	<b>1,269,368</b>	-	<b>1,269,368</b>
2020	855,855	276,779	9,010	59,278	<b>1,200,922</b>	-	<b>1,200,922</b>

## Notes to the financial statements (continued)

### 18 - Trade and other receivables (continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The Group measures ECL based on historical data available to management in addition to current and forward-looking information utilising managements knowledge of their customers. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. All trade and other receivables are non-interest bearing. The carrying amount of trade and other receivables approximates fair value.

### 19 - Cash and cash equivalents

	Group		Company	
	31 December 2021 £	31 December 2020 £	31 December 2021 £	31 December 2020 £
Cash and cash equivalents	7,086,906	2,347,114	6,746,220	2,286,435

### 20 - Trade and other payables

	Group		Company	
	31 December 2021 £	31 December 2020 £	31 December 2021 £	31 December 2020 £
Trade payables	474,661	494,671	87,901	92,896
Taxation and social security	532,822	153,353	6,163	4,200
Other payables	27,778	46,086	1,525	-
Accruals	1,789,659	1,169,629	33,781	146,480
	2,824,920	1,863,739	129,370	243,576

### 21 - Share capital and reserves

#### Allotted, called up and fully paid

	Ordinary 0.5p shares No.	Share Capital £	Share Premium £
At 1 January 2021	388,374,057	6,234,261	27,984,716
Issue of placing shares	543,157,516	2,715,787	8,147,363
Cost of raising equity	-	-	(756,753)
<b>As at 31 December 2021</b>	<b>931,531,573</b>	<b>8,950,048</b>	<b>35,375,326</b>

## Notes to the financial statements (continued)

### 21 - Share capital and reserves (continued)

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent equal votes at meetings of Shareholders.

The following describes the nature and purpose of each reserve within owner's equity:

**Share capital:** Amount subscribed for shares at nominal value.

**Share premium:** Amount subscribed for share capital in excess of nominal value, less costs of share issue.

**Share-based payment reserve:** The share-based payment reserve comprises the cumulative expense representing the extent to which the vesting period of share options has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

**Merger relief reserve:** Effect on equity of the consideration shares issued over their nominal value.

**Reverse acquisition reserve:** Effect on equity of the reverse acquisition of Bidstack Limited.

**Warrant reserve:** The warrant reserve comprises the cumulative expense representing the extent to which the vesting period of warrants has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

**Exchange reserve:** The exchange reserve represents foreign exchange differences in re-translation.

**Retained losses:** Cumulative realised profits less cumulative realised losses and distributions made, attributable to the equity Shareholders of the Company.

### 22 - Share options and warrants

#### Options

The Company operates two equity-settled share-based remuneration schemes for employees, one being the Enterprise Management Incentive ("EMI") Scheme and the other is an unapproved scheme for executive directors and certain Senior Management.

A condition attached to both schemes is for the option holder to remain in employment until exercised otherwise the options become forfeited.

	2021		2020	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	46,382,842	0.11	38,549,503	0.18
Granted during the year	51,503,335	0.03	7,833,339	0.11
Forfeited/waived during the year	(36,453,342)	0.14	-	-
<b>Total outstanding</b>	<b>61,432,835</b>	<b>0.04</b>	<b>46,382,842</b>	<b>0.11</b>
<b>Total exercisable</b>	<b>11,799,503</b>	<b>0.09</b>	<b>33,049,500</b>	<b>0.13</b>

## Notes to the financial statements (continued)

### 22 - Share options and warrants (continued)

The Black-Scholes model was used for calculating the cost of options. The model inputs for each of the options issued were:

Grant date	26 Jul 21	21 Dec 21	29 Oct 19	04 Jun 20	04 Jun 20	04 Jun 20
Share price at grant date	0.0193	0.0360	0.2050	0.0563	0.0563	0.0563
Exercise prices	0.0200	0.0360	0.19	0.1075	0.25	0.60
Risk free rate	0.610%	0.810%	0.750%	0.307%	0.307%	0.307%
Expected volatility	106.85%	127.16%	94.59%	129.53%	129.53%	129.53%
Contractual life	6.5 years	6.5 years	10 years	10 years	10 years	10 years

The weighted average contractual life of the options is 4 years and 173 days (2020: 4 years and 279 days).

During the year, in order to incentivise staff, the company replaced 9,416,673 options with an equivalent number of options on more favourable terms.

The expected price volatility is based on the historical volatility (based on the expected life of the options).

### Warrants

	2021		2020	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	1,250,001	6p	3,887,912	10p
Issued during the year	-	-	-	-
Forfeited during the year	-	-	(1,637,500)	-
Exercised during the year	-	-	(1,000,411)	5p
<b>Total outstanding and exercisable</b>	<b>1,250,001</b>	<b>6p</b>	<b>1,250,001</b>	<b>6p</b>

The Company granted no warrants during the year ended 31 December 2021.

The charge for the year for warrants and options amounted to £307,408 (2020: £548,192), charged to the statement of comprehensive income

### Long Term Incentive Plan

On 21 December 2021 the Company adopted a new Long Term Incentive Plan ("LTIP") and issued 91,000,000 LTIP awards. For the purposes of the new LTIP awards to the Executives and others, the awards have been made in two categorises, each subject to difference performance criteria.

## Notes to the financial statements (continued)

### 22 - Share options and warrants (continued)

#### Long Term Incentive Plan (continued)

Revenue is the performance target of the first set of LTIP awards. The vesting schedule below highlights the details of the achievement of the awards.

<b>Revenue % on target</b>	<b>Vesting Schedule % vesting</b>
90 and above	100
Between 75 and 90	50-100 (straight line basis between points)
75	50
Below 75	0

The LTIP awards also include an operating cost element which, if achieved, can increase the amount of vesting by 10%, in the event the revenue target is missed. Any awards not vesting from Year 1 will be rolled into the Year 2 award.

EBITDA - Earnings Before Interest, Tax, Depreciation and Amortisation is the performance target of the second set of LTIP awards. The vesting schedule below highlights the details of the achievement of the awards.

<b>EBITDA % on target</b>	<b>Vesting Schedule % vesting</b>
100 and above	100
Between 95 and above	75
90 and above	50
Below 90	0

The LTIP awards to each of the Executives in each set of awards will vest over a three year period. All of the LTIP awards, when vested, will be exercisable on payment of nominal value only.

The relevant targets will be set by the Remuneration Committee based on the consensus of market expectations. Notwithstanding the above performance criteria, all of the LTIP awards will vest in the event of a change of control of the Company.

## Notes to the financial statements (continued)

### 22 - Share options and warrants (continued)

#### Long Term Incentive Plan (continued)

	2021		2020	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	91,000,000	0.05	-	-
<b>Total outstanding</b>	<b>91,000,000</b>	<b>0.05</b>	-	-
<b>Total exercisable</b>	-	-	-	-

The weighted average contractual life of the options is 2 years and 356 days (2020: none).

The Black-Scholes model was used for calculating the fair value of the LTIP options at grant date. The model inputs for each of the options issued were:

Grant date	21 Dec 21
Share price at grant date	£0.0360
Exercise prices	£0.0360
Risk free rate	0.810%
Expected volatility	127.16%
Contractual life	6.5 years

The expected price volatility is based on the historical volatility (based on the expected life of the options).

### 23 - Premises costs commitments

	Group		Company	
	31 December 2021 £	31 December 2020 £	31 December 2021 £	31 December 2020 £
Within one year	333,580	352,800	-	-
	<b>333,580</b>	<b>352,800</b>	-	-

## Notes to the financial statements (continued)

### 24 - Financial instruments

In common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 2.

#### Financial assets

Financial assets measured at amortised cost comprise trade receivables, other receivables and cash, as follows:

	Group		Company	
	31 December 2021 £	31 December 2020 £	31 December 2021 £	31 December 2020 £
Trade receivables	1,269,368	1,200,922	15,011,273	10,332,718
Other receivables	316,215	97,626	15,000	10,000
Cash and cash equivalents	7,086,906	2,347,113	6,746,203	2,286,435
<b>Total financial assets</b>	<b>8,672,489</b>	<b>3,645,661</b>	<b>21,772,476</b>	<b>12,629,153</b>

#### Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, other payables and accruals, as follows:

	Group		Company	
	31 December 2021 £	31 December 2020 £	31 December 2021 £	31 December 2020 £
Trade payables	474,661	494,671	87,901	92,896
Other payables	9,440	7,918	1,524	-
Accruals	1,789,659	1,164,629	33,781	172,581
<b>Total financial liabilities</b>	<b>2,273,760</b>	<b>1,667,218</b>	<b>123,206</b>	<b>265,477</b>

There is no significant difference between the fair value and the carrying value of financial instruments.

#### Risk management

##### General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being capital risk, credit risk and liquidity risk



## Notes to the financial statements (continued)

### 24 - Financial instruments (continued)

Further details regarding these policies are set out below:

#### Capital risk management

The capital structure of the business consists of cash and cash equivalents, debt and equity. Equity comprises share capital, share premium and retained losses and is equal to the amount shown as 'Equity' in the balance sheet. Debt comprises various items which are set out in further detail above and in note 19.

The Group's current objectives when maintaining capital are to:

- Safeguard the Group's ability to operate as a going concern so that it can continue to pursue its growth plans.
- Provide a reasonable expectation of future returns to Shareholders.
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long-term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets.

#### Credit risk and impairment

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise the risk, the company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its, trade and other receivables and cash and cash equivalents as disclosed in the notes.

The Board recognises that having a focus of revenue within one or few clients represents a concentration of risk and is incentivised to diversify the Group's customer base to mitigate this. The Group seeks to obtain credit insurance, or obtain advance payment on trade receivables, where appropriate. The receivables' age analysis is also evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information.

The Company has made unsecured interest free loans to Bidstack Limited which stood at £13,294,313 at 31 December 2021 (2020: £10,030,230) and is repayable on demand.

#### Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. However, the Group continues to absorb cash in its operations for the time being and management recognises the risk of insufficient cash and capital to carry on its activities and safeguard the Group's ability to continue as a going concern.

The Board receives cash flow projections on a regular basis, which are monitored regularly. The Board will not commit to material expenditure in respect of its ongoing development programme prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes. Regular reviews will ensure that further steps will be taken if necessary.

#### Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk arising on cash and cash equivalents and receivables denominated in a currency other than the respective functional currencies of the Group. The currencies in which these transactions primarily are denominated are US Dollar (USD) and Euros (EUR).

The following balances held in foreign currency at the reporting date are:

	Group		Company	
	31 December 2021 £	31 December 2020 £	31 December 2021 £	31 December 2020 £
EUR				
USD	27,639	44,758	22,796	42,521
Total financial liabilities	11,110	-	-	-
	<b>38,749</b>	<b>44,758</b>	<b>22,796</b>	<b>42,521</b>

#### Sensitivity analysis

## Notes to the financial statements (continued)

### 24 - Financial instruments (continued)

A 5 per cent increase of sterling against the respective currencies at 31 December 2021 would have increased/(decreased) equity and profit and loss by the amounts shown below:

#### Group

	Profit and loss		Equity	
	31 December 2021 £	31 December 2020 £	31 December 2021 £	31 December 2020 £
EUR				
USD	1,382	2,238	(1,382)	(2,238)
Total net exposure	556	-	(556)	-
	<b>1,938</b>	<b>2,238</b>	<b>(1,938)</b>	<b>(2,238)</b>

#### Company

	Profit and loss		Equity	
	31 December 2021 £	31 December 2020 £	31 December 2021 £	31 December 2020 £
EUR				
USD	1,140	2,126	(1,140)	(2,126)
Total net exposure	-	-	-	-
	<b>1,140</b>	<b>2,126</b>	<b>(1,140)</b>	<b>(2,126)</b>

### 25 - Related parties

#### Transactions with subsidiaries

During the year, cash advances of £4,493,176 (2020: £5,897,736) were made to Bidstack Ltd and incurred net costs of £1,229,093 that were paid on behalf by the Company (2020: £376,746). The advances are held on an interest free inter-group loan which has no terms for repayment. At the year end the inter-group loan amounted to £13,294,313 (2020: £10,030,230).

During the year, cash advances of £nil (2020: £17,900) and repayments of £7,500 (2020: £73,677) were made to Pubguard Ltd. Net costs were incurred of £5,158 that were paid on behalf by the Company (2020: £54,496). The advances are held on an interest free inter-group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £138,306 (2020: £140,648).

During the year, net costs were incurred of £1,416,812 by Bidstack SIA that were paid on behalf of the Company (2020: £160,841). The advances are held on an interest free inter-group loan which has no terms for repayment. At the year end the inter-group loan amounts to £1,578,653 (2020: £161,841).

#### Transactions with other related parties

John McIntosh, Finance Director invoiced £3,631 (2020: £1,902) to the Company for reimbursement of expenses for the year. As at 31 December 2021, £1,307 (2020: £2,278) was owing to Mr McIntosh.

Francesco Petruzzelli, Director, claimed £16,133 (2020: £14,457) from the Company for reimbursement of expenses for the year. As at 31 December 2021, £nil (2020: £655) was due from Mr Petruzzelli to the company.

James Draper, Director and Chief Executive Officer, claimed £791 from the Company for reimbursement

of expenses for the year (2020: £1,610). As at 31 December 2021, £Nil (2020: £Nil) was owing to Mr Draper.

Neider Investments, a common entity under the control of Director Bryan Neider, invoiced the company £24,892 (2020: Nil). £17,365 relates to services carried out in his role as Director and £7,527 relate to a reimbursement of expenses for the year. As at 31 December 2021, £Nil (2020: Nil) was owing to Neider Investments.

# Glossary

## AAA (Triple-A) Games

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An informal classification of games produced and distributed by a mid-sized or major publisher.

## Ad Approval

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Process of vetting and approving an ad creative prior to it being served.

## Ad Inventory

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Available advertisement inventory generated and made available to be sold.

## Ad Measurement

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This is a broad term in advertising encompassing metrics, analytics and outcomes that are measurable for the media buyer.

## Ad Server

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A platform that allows an advert to be served onto an ad unit.

## Ad Unit

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A container placed alongside online content that allows advertisement creatives to be displayed.

## Agency Holding Groups

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Typically, this includes the big 6 media agency holding groups which are: WPP, Omnicom, Publicis, Denstu, IPG (Interpublic Group) and Havas.

### Artificial Intelligence (AI)

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AI is intelligence demonstrated by machines.

### Banner

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An online advertisement ad unit which has specific dimensions.

### Brand Awareness

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Measures the extent which customers are able to recall or recognise a brand under two different conditions; exposed and non-exposed groups.

### Brand Perception

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Measures the consumers perceived quality of the brand.

### Brand Recall

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Refers to the ability of the consumer to correctly generate a brand from memory when prompted by a product category.

### Brand Recognition

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Refers to the ability of the consumer to confirm they have seen or heard of a given brand.

### Brand Uplift Studies

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Brand uplift studies measure how well a brand has been perceived by an audience. Metrics and analytics include brand awareness, brand recall, brand recognition, brand perception and purchase intent.

### Campaign Activation

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A process of putting an advertisement campaign together to be launched and activated on content.

### Comscore

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An American media measurement and analytics company providing marketing data and analytics to enterprises; media and advertising agencies.

### CPG

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Consumer Packaged Goods; sometimes referred as FMCG, Fast Moving Consumer Goods.

### Deal ID

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The identification of a private programmatic campaign deal shared between the respective buyers and seller.

### Demand or Buy Side

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Any media buyer looking to purchase advertisement inventory. This would include advertisers, brands, media agencies, resellers, DSPs or publishers.

### Dentsu DGame

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A specialist gaming division within the agency holding group, Dentsu.

### Display ads

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An online form of advertising typically displaying static or animated advertisement creatives.

### Esports

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Competitive gaming which is typically played by professional gamers on multiplayer video games for spectators.

### F2P games

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Also known as free-to-play games, are games that are free to download and play with revenue generated from microtransactions, loot boxes and/or advertisements.

### Game Engine

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A software development environment designed for game developers to build games.

### IAB

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The Internet Advertising Bureau is an advertising business organisation that develops industry standards, conducts research and provides legal support for the online advertising industry.

### IAB Gold Standard

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Certification offered by the IAB when a media organisation has evidenced measures to reduce ad fraud, uphold brand safety, improve user experience and comply with GDPR and ePrivacy laws.

### In-Housing

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Bring tasks and responsibilities back in-house away from outsourced or 3rd parties.

### In-Stream

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Advertisements occurring during live video streams of an activity such as a live stream of an esports tournament.

### Interstitials

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Interstitial ads are full-screen ads that cover the interface of their host app.

### Long tail

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Refers to small publishers that cover niche content with generally low traffic levels.

### Loot Boxes

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A form of monetisation, players buy boxes directly to redeem virtual items or currency.

### Lumen

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Lumen is an independent company that measure audience attention through eye-tracking technology. <https://www.lumen-research.com/>

### Machine Learning

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An application of AI that provides systems the ability to automatically learn and improve from experience without being explicitly programmed.

### Malvertising

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Also known as malicious ads, is the use of online advertisements to spread malware and compromise systems. Generally this occurs through the injection of unwanted or malicious code into ads.

### Metadata

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A set of data that describes and gives information about other data. In other words it is "data about data".

### Microtransactions

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A business model where users can purchase virtual items for small amounts of money. Microtransactions often appear in free-to-play games.

### Nielsen

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An information, data and market measurement firm.

### O&O

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Owned and operated, in media this usually refers to published content along with the monetisable opportunities around it.



### Open Exchange

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An open digital advertising marketplace which aggregates inventory from multiple partners allowing buyers to bid manually or programmatically to purchase ad impressions.

### Moat by Oracle

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A measurement and marketing analytics suite designed to help advertisers, publishers and platforms measure media performance.

### Purchase Intent

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Is defined as a measure of the strength of a consumers intention to perform a specific behaviour or make the decision to buy a product or service.

### Rewarded Video

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An ad unit that offers users a clear value exchange where users opt-in to watch a video advert and receive in-app rewards in return.

### SDK

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Software development kit, is a collection of software development tools in one installable package.

### Self-service

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Where a platform offers the client the necessary tools and features to manage their own usage of a service.

### Self-Sign-Up

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A setup allowing a consumer to sign up and use a service without interaction with the service provider.

### Supply or Sell Side

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Any partner looking to sell advertisement inventory. This would include game developers, game publishers, streaming platforms or game engines.

### Supply Side Platform or Sell Side Platform

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Commonly referred to as an SSP, is a platform enabling online publishers to manage their own advertising inventory, populate it with ads and receive revenue.

### Third Party Verification

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A process of getting an independent party to review and confirm a customer's information and intentions to ensure accuracy.

### Tracking Pixels

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A small snippet of code that allows you to track and gather information on online activities from whether a creative has been displayed to how they browse.

### UI

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User interface, a means in which a person controls a software application or hardware device.

### Viewability

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A measure of whether a given advert was actually seen by a human being, as opposed to being out of view or served as the result of automated activity.

### VR

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Virtual reality, a simulated experience that can be similar to or completely different from the real world.

Contact

# Let's continue the conversation

We're always excited to start new conversations with anyone interested in Bidstack, we look forward to hearing from you.

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