

**RNS ANNOUNCEMENT: The information communicated in this announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.**

**5 June 2018**

**Kin Group Plc ("Kin" or "the Company")**

**Subscription for Secured Convertible Loan Notes in bidstack Limited ("bidstack")**

The Directors of Kin are pleased to announce that the Company has agreed to invest £400,000 in bidstack, a software company that has developed technology to place digital advertising directly into virtual billboards in computer games.

Kin and bidstack are working towards a reverse takeover ("RTO") of bidstack by the Company which the board of Kin anticipate should be completed by 31 August 2018. Under the RTO Kin intends to acquire the entire issued share capital of bidstack in consideration of the issue of new ordinary shares in Kin and expects to raise further working capital for the enlarged group by way of a placing of new ordinary shares to institutional and other investors as part of the transaction.

**bidstack highlights:**

- software places digital advertisements into computer games in real time and in a highly automated manner;
- advertisements appear native to the game, that is they appear where you would expect to see them in comparable real world environments;
- technology allows targeted advertising;
- technology links directly into programmatic advertising agencies; and
- intends to launch with Football Manager 2018 this month, in time for the FIFA World Cup.

**Information about bidstack**

bidstack is a software company that has developed technology to place programmatic advertising campaigns directly into video games. Advertisements can appear in real time and are native to the game, appearing where players would expect to see such advertising in comparable real world environments. This could be advertising hoardings in a virtual stadium, billboards next to a virtual race track or other natural settings.

In addition, bidstack's technology allows targeted advertising so that, for instance, two gamers playing the same game at the same time could experience different advertisements based on criteria determined by brand campaigns. bidstack's technology links directly into programmatic advertising agencies under negotiated contracts. Such agencies buy digital advertising space automatically using computer data to decide which ads to buy and how much to pay for them, often in real time, and now control billions of dollars of advertising spend.

bidstack currently has exclusive rights to place direct digital advertising into six games: these include Football Manager 2018, Cricket Captain, and Sociable Soccer. The company is also in discussions with other titles and publishers to secure exclusive rights to place virtual advertising into their games.

Football Manager is a football management simulation game developed by Sports Interactive and published by Sega. It is one of the most successful games franchises in UK games history having sold over 1m copies of each of its five most recent annual versions including Football Manager 2017. Football Manager 2018 was published in November 2017 and topped the PC software charts for Christmas of that year. bidstack is the sole digital dynamic advertising agency platform for Football Manager 2018, Football Manager 2019 and Football Manager 2020.

bidstack expects to launch in Football Manager 2018 this month. It is in discussions with a number of advertising agencies and well-known brands, a number of whom have committed to place advertising with bidstack. bidstack intends to expand its portfolio of computer games.

Based at Here East in London's Olympic Park, bidstack currently has nine employees.

James Draper, 36, is bidstack's founder and Chief Executive. He initiated the company's move into the gaming space in 2017, securing the three year contract with SEGA's Football Manager title. Prior to bidstack, James has spent many years working within marketing and advertising with a range of clients in the sports and b2b space.

Francesco Petruzzelli, 28, is bidstack's Chief Technology Officer. He created bidstack's core artificial intelligence engine and heads its development studio. Prior to bidstack, Francesco founded Whaleslide, a privacy conscious search engine allowing users to control all aspects of their online lives from one webpage.

Simon Mitchell, 40, Chief Commercial Officer, has been a significant investor in bidstack. Prior to bidstack, amongst other roles, Simon was a founder of Atia Communications which designed, delivered and supported Microsoft Unified Communications solutions. Atia was acquired by MeetingZone in 2013.

bidstack was incorporated in October 2015 and, according to its unaudited results, in the 14 month period from 1 November 2016 to 31 December 2017 it had a turnover of approximately £10,000 and generated a loss for the financial period of approximately £434,000. bidstack's net asset value at 31 December 2017 was approximately (£4,473).

bidstack currently has 14,933,729 A Ordinary Shares and 170,688 B Investment Shares in issue. The B Investment Shares have no right to vote but otherwise rank pari passu with the A Ordinary Shares.

### **Proposed transaction**

The Convertible Loan Notes are intended to convert into A Ordinary Shares of 0.001 pence each in the capital of bidstack Limited at a conversion price of 30 pence per share on the occurrence of a RTO of bidstack by Kin.

The RTO remains subject to contract, additional fundraising and satisfactory completion of the necessary due diligence and, at this stage, there is no guarantee that the RTO will complete. In the event that the RTO should not take place, the Convertible Loan Notes are redeemable by bidstack at any time after 30 September 2018, or by Kin in the event of a material breach of the terms of the Convertible Loan Notes or the occurrence of certain events of default and, in any event, on 5 June 2019. The Convertible Loan Notes carry no right to interest except following the occurrence of certain events of default when interest at a rate of 12% (gross) per annum will become payable on the Convertible Loan Notes in arrears from the date of issue of the Convertible Loan Notes until the date of repayment of all principal and interest.

The Convertible Loan Notes are secured by a debenture containing fixed and floating charges over its business and assets granted by bidstack in favour of Kin.

### **Background to Kin**

As previously announced, Kin Group Plc became a "Rule 15 cash shell" under Rule 15 of the AIM Rules with effect from 30 August 2017.

The current Board was appointed on 15 November 2017, on completion of a placing to raise £1m before expenses and a company voluntary arrangement. Since then, the Company has had discussions with several businesses interested in obtaining a listing through a RTO into the Company.

The London Stock Exchange suspended trading in the Company's ordinary shares on AIM pursuant to Rule 15 of the AIM Rules at 7.30 am on 1 March 2018 as the Company had not completed a RTO by 28 February 2018.

As previously announced, in the event that no reverse takeover is completed by 31 August 2018, being the date six months after trading in the Company's shares was suspended, the London Stock Exchange will cancel the admission of Kin's ordinary shares to trading on AIM with effect from 7.30am on Monday 3 September 2018.

## Related Party Transaction

The Company intends to appoint Kepstorn Solicitors Limited ("Kepstorn") to advise it on the RTO and related matters for a proposed fee of £60,000 (excluding VAT) payable in cash. Donald Stewart, Chairman of Kin, is a consultant to Kepstorn and as such Kepstorn is to be treated as a 'related party' in accordance with the AIM Rules for Companies and this engagement is a related party transaction pursuant to Rule 13 of the AIM Rules. The Independent Directors (being Lindsay Mair and John Taylor), having consulted with SPARK Advisory Partners Limited, consider the terms of the Kepstorn's engagement to be fair and reasonable insofar as Kin's shareholders are concerned.

**Donald Stewart, Chairman of Kin said:** *"We are very pleased and excited to be working with bidstack towards a RTO which we believe will be transformational for Kin's shareholders. bidstack is a dynamic, young business in a sector that we believe is capable of significant short and medium term growth. We believe that bidstack is currently the only media owner in the native in-game, programmatic digital advertising arena. Leveraging bidstack's technology we believe we can provide additional sources of revenue for games producers and publishers which will become increasingly valuable in an environment in which digital games are subject to significant sales price pressure."*

**James Draper, Chief Executive of bidstack said:** *"This is an exciting moment for me and the team. We are looking forward to the completion of the RTO so that we can drive the business forwards to the next stage of our growth. By obtaining a quotation on the AIM market we believe the RTO will be a great result for our current shareholders, who have supported us over the last three years and will provide us with a firm foundation for continued growth and winning more commercial contracts with the leading publishers and advertising agencies. We are excited to be kicking off our platform just in time for the FIFA World Cup and looking forward to the prospect of delivering on our ambitious business plans."*

Further announcements will be made as appropriate.

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