



Bidstack Group PLC - BIDS Final Results
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RNS ANNOUNCEMENT: The information communicated in this announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

Embargoed 4 April 2019

Bidstack Group Plc ("Bidstack", or "the Company")

Final Results for Year Ended 31 December 2018

Bidstack Group plc (AIM: BIDS.L), the native in-game advertising group, is pleased to announce its final audited results for the year ended 31 December 2018. The Annual Report and Accounts for the year ended 31 December 2018 will be published on the Company's website - www.bidstackgroup.com today and copies will also be posted today to those shareholders who have opted to receive physical copies.

2018 was a transformational year for the Company and, in September 2018, saw the Company acquire Bidstack Limited by way of a reverse takeover ("RTO"), raise £3.5m in an over-subscribed placing, and appoint each of James Draper, founder and CEO of Bidstack Limited, Francesco Petruzzelli, founder and CTO of Bidstack Limited, and John McIntosh as CEO, CTO and FD of the Company, respectively.

Highlights

- Acquisition of Bidstack Limited completed on 19 September 2018 for a consideration of £6.8 million, satisfied by the issue of 112,964,011 shares at 6 pence per share;
- Placing of 58,333,340 shares at 6 pence per share to raise £3.5m for the Company also completed on 19 September 2018;
- Revenue £316,906 (2017: £10,034);
- Operating Loss before Acquisition related costs (£1,187,291) (2017: (£494,307)); and
- Cash as at 31 December 2018 of £2.1m (2017: £1,661).

Operational Highlights

- IPO proceeds used to strengthen sales and technical development teams;
- Exclusive dynamic digital advertising contracts now signed with nine games including FM18, FM19 and DiRT Rally 2;
- Bidstack's platform is live in both FM18 and FM19 with approximately 1m impressions per day in Asia alone in December 2018; and
- Platform is live on an end-to-end programmatic basis with PubMatic, operator of a major Supply Side Platform;

Post Year End Highlights

- First full integration with a demand side platform ("DSP"), Avocet, enabling the purchase of advertising inventory on a programmatic basis;
- Second DSP agreement signed with Platform161 expanding the breadth of Bidstack's demand side platform; and
- Creation of our Advisory Committee to harness talents of select group of high-profile executives from video games and digital advertising industries. The first two appointments being Pete Beeney (Spotify) and Joel Livesey (The Trade Desk).

Donald Stewart, Chairman, said "I would like to welcome our new shareholders and to thank them for their support.

The team has made great progress in the development of the Bidstack platform since completion of the RTO.

These advances coupled with the high levels of interest in Bidstack's business model we are experiencing from games publishers, developers and other leading technology businesses all support the Directors' belief that we have a significant first mover advantage in the provision of dynamic native in-game advertising and that the business will generate highly significant amounts of advertising traffic.

"In order to exploit this substantial opportunity, in the short term the Board intends to prioritise investment in technical developments which will place Bidstack in the best possible position to operate at significantly increased scale.

"We believe this strategy will result in the business being well placed to meet market expectations for 2019 and will facilitate extensive growth in 2020. As a fast-growing business, we expect that revenues in 2019 will be significantly second half weighted with perhaps a more marked split than previously anticipated."

James Draper, Chief Executive, said "The video gaming industry is experiencing remarkable growth. Recent announcements of streaming services will see the industry evolve even further now that tech giants like Google and Apple are investing heavily in this area. Streaming will allow gamers to access high resolution games without having to own a console or high spec PC, attracting an ever greater audience.

"Streaming, virtual and augmented reality services - as well as the evolving business models towards subscriptions and free to play, make our net-new revenue offering enticing to game publishers and developers. Crucially, every game publisher we have spoken to welcomes our proposition.

"We believe our business model is a win-win for developers, publishers and advertisers and will position Bidstack well to make the most of its first mover advantage in the provision of dynamic native in-game advertising.

"Bidstack's strategic challenge is about speed and execution. Our technology continues to be developed by our highly skilled team in the UK and Riga. We are ensuring that the Company has the resources, connections and personnel required to maximise the considerable opportunity we find ourselves presented with.

"I believe our business is very well positioned to exploit this growth opportunity and build a highly scalable native in-game advertising business that can carve out a significant position within the video game advertising world."

Bidstack's Annual Report and Accounts contains a notice convening its Annual General Meeting to be held at Plexal, 14 East Bay Lane, The Press Centre, Here East, Queen Elizabeth Olympic Park, Stratford, London on 29 April 2019 at 11:00 a.m.

-Ends-

Contacts

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Chairman's statement

Introduction

2018 was a transformational year for the Company and, in September 2018, saw the Company acquire Bidstack Limited by way of a reverse takeover ("RTO"), raise £3.5m in an over-subscribed placing, and appoint James Draper, founder and CEO of Bidstack Limited, Francesco Petruzzelli, founder and CTO of Bidstack Limited, and John McIntosh as CEO, CTO and FD of the Company, respectively.

Information about Bidstack

Bidstack's software facilitates the insertion of adverts into natural advertising space (e.g. billboards) in video games. The advertising is dynamic, targeted and automated, and works globally across multiple platforms (PC, mobile and console). The key benefit of native in-game advertising over non-native variants (e.g. video rolls and banner ads) is that it appears authentic and "natural" to the environment and does not impact the gamer's experience and cannot be excluded with ad-blocking software.

Advertisers can target the users they want to reach based on age, gender and location and the software is able to display different advertisements to different users playing the same game so that adverts can be delivered to the players most relevant to a particular brand. Bidstack is able to provide detailed campaign analytics to advertisers and gaming data to publishers.

Bidstack's customers are games publishers and developers (on the supply side), and advertising agencies, brands and programmatic advertising platforms (on the demand side). Bidstack's model is to secure exclusive access to the native in-game advertising space within video games from the game developers or publishers and then to sell that advertising space either direct to specific brands or through programmatic advertising platforms. Bidstack receives advertising revenues from advertising agencies and brands and pays an agreed share to the relevant video game publishers or developers.

I would refer you to the Chief Executive's report for further information about developments in the business since the RTO.

Financial Summary

The comparative numbers in these accounts cover the 12 month period to 31 December 2018 for each of Kin Group plc and Bidstack Limited prior to the reverse acquisition. The comparative numbers therefore compare Kin Group plc as a cash shell and Bidstack Limited as an early stage business. The enlarged Group's operations began in September 2018 with the completion of the RTO when the measurement of consolidated revenues by the renamed Bidstack Group Plc also started. The unaudited comparison is as follows:

	2018	2017
	£000	£000
Twelve months ended 31 December		
Sales	317	10
Gross profit	76	(92)
Total overheads	1,263	403
Adjusted loss before tax*	(1,187)	(494)

*Before Acquisition related costs consisting of Transaction costs (£0.7 million) and Share based payment on reverse acquisition (£1.4 million).

We believe the above comparison is a more meaningful comparison than the audited figures of the day-to-day business, after accounting for the RTO, given the acquisition of Bidstack in September 2018 for approximately £6.8 million, which was satisfied by the issue of new shares in the Company to the vendors at 6p per share. At the same time, the Company raised £3.5 million through an over-subscribed placing to provide working capital.

It is worth noting that sales and the adjusted loss before tax in 2018 were in line with our projections. Net Group cash at 31 December 2018 was just over £2.1m, also in line with our projections. Cash management remains a key focus within the business. We expect to continue to be cash negative in the second half of 2019 as our strategic focus remains on the continued development of our software platform alongside our product offering.

Outlook and Prospects

We are tremendously excited about Bidstack's future.

The team has made great progress in the development of the Bidstack platform since completion of the RTO. This includes significant improvements in connectivity, monitoring and interfaces and the creation of dashboards to improve user experience. In addition, Bidstack's platform is now open to programmatic direct purchasing.

These advances coupled with the high levels of interest in Bidstack's business model we are experiencing from games publishers, developers and other leading technology businesses all support the Directors' belief that we have a significant first mover advantage in the provision of dynamic native in-game advertising and that the business will generate highly significant amounts of advertising traffic.

In order to exploit this substantial opportunity, in the short term the Board intends to prioritise investment in technical developments which will place Bidstack in the best possible position to operate at significantly increased scale.

We believe this strategy will result in the business being well placed to meet market expectations for 2019 and will facilitate extensive growth in 2020. As a fast-growing business, we expect that revenues in 2019 will be significantly second half weighted with perhaps a more marked split than previously anticipated.

Finally, I would like to take this opportunity to welcome our new shareholders and to thank them for their support.

Donald Stewart
Chairman
3 April 2019

Chief Executive's Report

I am pleased to make this, my first, report as Chief Executive of Bidstack Group Plc. I would like to start by thanking all my other directors and staff at Bidstack for having achieved so much both before and since the RTO. I would also like to thank our shareholders and investors.

This is an exciting time for Bidstack. Our admission to trading on AIM marked the beginning of a new chapter in our journey.

The Business Model

Bidstack has two sets of customers:

- Advertisers on the demand side.
- Video Games Developers and Publishers on the supply side.

Bidstack's technology enables advertisers to buy billboard space that sits naturally within the virtual/video game environment, programmatically.

Programmatic advertising enables Bidstack to sell our inventory at scale by connecting into the advertising media's Demand-Side Platforms (DSPs), that have made digital advertising so frictionless and lucrative for app and website developers.

Advertisers can buy Bidstack's advertising inventory through their selected trading platform (DSP). Advertising copy can be tailored to the target demographic. For instance, two players can be playing each other in the same match, one being a 20 year old male in London, the other a 40 year old female in New York, and each can be served a different advert.

The scale of this automated buying makes us advertising agency friendly. We can enable agencies to be reactive and push campaigns at scale, with results reporting being provided in real time through their DSP trading platform of choice.

Bidstack's proprietary API and SDK technology integrates into the video game engine, across multiple platforms, whether it be mobile, PC or console.

Bidstack secures exclusive contracts with video games publishers and developers to gain access to their native in-game advertising opportunities, typically for three years, in return for a share of the revenues received by Bidstack from advertisers. The revenue share is agreed on a contract by contract basis with each publisher.

The shift in the market towards a Spotify style model in the gaming space (i.e. subscription streaming services) will result in a significant increase in the adoption of high-fidelity gaming with revenue models moving away from the legacy pay up-front concept. We are finding developers are excited by Bidstack's net-new revenue proposition in this new market paradigm.

Our ambition is to make Bidstack the leading global provider of in-game programmatic advertising, across any gaming platform.

Progress since the RTO

I am pleased to report that we have made significant progress since completion of the RTO.

Games

Bidstack hit a key milestone in late 2018 when it commenced serving advertisements into Football Manager 2019 as well as Football Manager 2018. More recently Bidstack has also commenced serving advertisements into Soccer Manager 2019, a free online soccer management game.

We also entered into an agreement with Codemasters to deliver advertising into two of its racing games, the first of which, DiRT Rally 2.0, was released in February 2019. This is the Group's first major PlayStation title. The Group expects to commence serving programmatic advertisements on PlayStation into DiRT Rally 2 towards the end of Q2 2019.

We are encouraged by the level of interest shown by game developers and publishers in Bidstack's product, who see it as non-intrusive and capable of generating additional revenues - this is particularly pertinent with the ongoing trend to free to play and 'available via subscription' games.

Programmatic Advertising

While Bidstack has for some time been able to place advertisements in games in response to specific insertion orders, in December 2018 its first end-to-end fully automated programmatic system went live, in conjunction with Pubmatic, Inc., a publisher focused sell-side platform ("SSP"). Pubmatic effectively acts as a reseller allowing advertisers to access a wholesale type of media purchase.

At the end of February 2019 Bidstack hit another milestone when it went live with its first full integration with a demand side platform ("DSP"), Avocet Systems Limited ("Avocet"). Following this achievement Bidstack's advertising inventory can be made available to buy programmatically on a DSP. A DSP allows buyers of digital advertising space to buy advertising using multiple advertising exchange and data exchange accounts through a single interface.

Being integrated with a DSP enables Bidstack to take bids direct and control the pricing of its advertising space. Avocet and other DSPs enable advertisers, either direct or via an agency, to target advertising inventory that fits their campaign demographics, based on age, gender, location etc. and allows the media buyer to trade and optimise campaigns, with real-time reporting.

This is the first time inventory of this type has been available on a DSP platform. It's a technical breakthrough not just for Bidstack but for the entire advertising industry.

New appointments

In line with its business plan, the Group has made several new appointments in its sales and development teams, and now has sixteen employees, compared with nine at the time of the RTO. We continue to recruit new people in line with the growth of the business.

We are encouraged by the amount of interest in Bidstack which has been shown by many well-respected figures in both the video games and on-line advertising industries. To harness this enthusiasm, we have established an advisory committee of selected individuals with extensive experience in differing areas relevant to our business, whose remit is to provide strategic input and direction to the Board and to assist with introductions to key counterparties.

The first two appointments are Pete Beoney of Spotify and Joel Livesey of The Trade Desk.

Pete is Global Holding Company Lead at Spotify where he has spent the last six years building and managing its global partnership with WPP. He has broad experience in the print, out-of-home and e-commerce industries. Joel Livesey is Director of Partnerships for EMEA at The Trade Desk and oversees the relationship with supply-side partners in the region, working with local and global partners to develop innovative strategies for its clients.

Industry Initiatives

Native in-game advertising is a new advertising genre.

Bidstack is working with the Internet Advertising Bureau ("IAB"), the trade group which sets technical standards and best practices for the digital advertising industry, to create a recognised advertising category for native in-game advertising. Moritz Natalini, who was recently appointed as Head of Products at Bidstack, is a former IAB board member. We are very pleased to be sponsoring the IAB's upcoming Gaming Seminar event in November 2019.

We have also engaged with the Audit Bureau of Circulation ("ABC"), a leading industry-owned auditor for media products and services, with specialist skills in digital ad trading, who we believe will assist Bidstack with the independent verification of our impression statistics - which is important to our advertising customers.

Strategy

We are building out Bidstack to become the biggest media owner in the video games market. What does that mean? In short - if you wanted to advertise in a video game, you would come to us.

Our core differentiator is agreeing exclusive-to-Bidstack, multi-year deals for the billboard space that sits naturally within a video game environment and offering up that advertising space for a programmatic purchase, based on the demographic profile of the gamer. Targeted and non-intrusive, whilst respecting the artwork of the game.

The video gaming industry is experiencing remarkable growth.

Recent announcements of streaming services will see the industry evolve even further now that tech giants like Google and Apple are investing heavily in this area. Streaming will allow gamers to access high resolution games without having to own a console or high spec PC.

Streaming, virtual and augmented reality services - as well as the evolving business models towards subscriptions and free to play - make our net-new revenue offering enticing to game publishers and developers.

Crucially, every game publisher we have spoken to welcomes our proposition.

We believe our business model is a win-win for developers, publishers and advertisers and will position Bidstack well to make the most of its first mover advantage in the provision of dynamic native in-game advertising.

Bidstack's strategic challenge is about speed and execution. What Bidstack is doing now has never been done before, giving us a first mover advantage in the commercialisation of programmatic native in-game advertising. Our technology continues to be developed by our highly skilled team in the UK and Riga. We are ensuring that the Company has the resources, connections and personnel required to maximise the considerable opportunity we find ourselves presented with.

In summary, I believe our business is very well positioned to exploit this growth opportunity and build a highly scalable native in-game advertising business that can carve out a significant position within the video game advertising world.

I look forward to updating you on further developments in this exciting journey we find ourselves on as they arise.

Bidstack Group plc
Consolidated statement of comprehensive income
for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Period ended 31 December 2017 £
Revenue		316,906	10,034
Cost of sales		<u>(240,849)</u>	<u>(101,699)</u>
Gross profit/(loss)		76,057	(91,665)
Administrative expenses		<u>(1,263,348)</u>	<u>(402,642)</u>
Operating loss before acquisition related costs		<u>(1,187,291)</u>	<u>(494,307)</u>
Transaction costs		(713,744)	-
Share based payment on reverse acquisition	5	<u>(1,411,478)</u>	-
Operating (loss)		<u>(3,312,513)</u>	<u>(494,307)</u>
Finance income		-	561
Finance costs		(729)	-
(Loss) before taxation		<u>(3,313,242)</u>	<u>(493,746)</u>
Taxation		<u>50,517</u>	<u>27,976</u>
(Loss) for the year		<u>(3,262,725)</u>	<u>(465,770)</u>
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive (loss) for the year		<u>(3,262,725)</u>	<u>(465,770)</u>
Loss per share - basic and diluted (pence)	4	(4.23)	(3.40)

Bidstack Group plc
Consolidated statement of financial position
as at 31 December 2018

	Note	31 December 2018 £	31 December 2017 £
ASSETS			
Non-current assets			
Intangible assets	5	43,842	1,562
Property, plant and equipment		<u>15,752</u>	<u>1,362</u>
Total non-current assets		<u>59,594</u>	<u>2,924</u>
Current assets			
Trade and other receivables		807,691	95,869
Cash and cash equivalents		<u>2,106,557</u>	<u>1,661</u>
Total current assets		<u>2,914,248</u>	<u>97,530</u>
Total assets		<u>2,973,842</u>	<u>100,454</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		5,286,429	137
Share premium account		18,000,247	669,674
Share-based payment reserve	6	258,060	17,435
Merger relief reserve		6,213,021	-
Reverse acquisition reserve		(23,320,632)	-
Capital redemption reserve		-	23
Warrant reserve		71,480	-
Retained losses		<u>(3,974,445)</u>	<u>(711,720)</u>
Total equity		<u>2,534,160</u>	<u>(24,451)</u>
Current liabilities			
Trade and other payables		<u>439,682</u>	<u>124,905</u>
Total current liabilities		<u>439,682</u>	<u>124,905</u>
Total equity and liabilities		<u>2,973,842</u>	<u>100,454</u>

Bidstack Group plc
Consolidated statement of cash flows
for the year ended 31 December 2018

31 December 2018 31 December 2017

	£	£
Cash flows from operating activities		
(Loss) before taxation	(3,313,242)	(493,746)
Adjustments for:		
Amortisation	4,407	503
Depreciation	3,134	1,907
Share based payment on reverse acquisition	1,411,478	-
Equity settled share-based payments	282,007	11,849
Finance expense	729	-
	<u>(1,611,487)</u>	<u>(479,487)</u>
Changes in working capital		
(Increase)/decrease in trade and other receivables	(602,523)	19,074
Increase/(decrease) in trade and other payables	208,715	(133,365)
Cash used in operations	<u>(2,005,295)</u>	<u>(593,778)</u>
Taxation received	27,623	27,976
Net cash used in operations	<u>(1,977,672)</u>	<u>(565,802)</u>
Cash flow from investing activities		
Investment in intangible assets	(46,687)	(520)
Cash acquired with subsidiary	208,817	-
Investment in property, plant and equipment	(17,524)	-
Net cash flow (used in) investing activities	<u>144,606</u>	<u>(520)</u>
Cash flow from financing activities		
Loans from shareholders	-	40,000
Proceeds from issue of share capital	4,245,988	499,014
Cost of issue	(307,297)	-
Interest paid	(729)	-
Net cash generated from financing activities	<u>3,937,962</u>	<u>539,014</u>
Increase/(decrease) in cash and cash equivalents in the year	<u>2,104,896</u>	<u>(27,308)</u>
Cash and cash equivalents at beginning of year	1,661	28,969
Cash and cash equivalents at the end of the year	<u><u>2,106,557</u></u>	<u><u>1,661</u></u>

Bidstack Group plc

Consolidated statement of changes in equity

for the year ended 31 December 2018

	Share capital £	Share premium £	Share-based payment reserve £	Merger relief reserve £	Reverse acquisition reserve £	Capital redemption reserve £	Warrant reserve £	Subscription reserve £	Retained losses £	Total equity £
Balance as at 1 January 2017	118	170,679	5,586	-	-	23	-	187,000	(245,950)	117,456
Issue of shares	19	498,995	-	-	-	-	-	(187,000)	-	312,014
Share based payments	-	-	11,849	-	-	-	-	-	-	11,849
Loss and total comprehensive income for the year	-	-	-	-	-	-	-	-	(465,770)	(465,770)
Balance as at 31 December 2017	137	669,674	17,435	-	-	23	-	-	(711,720)	(24,451)
Parent company reflected on reverse acquisition	4,417,442	15,009,243	-	-	-	-	-	-	-	19,426,685
Issue of Bidstack Ltd shares prior to acquisition	19	445,968	-	-	-	-	-	-	-	445,987
Issue of Bidstack Ltd shares to Bidstack Group prior to acquisition	13	399,987	-	-	(400,000)	-	-	-	-	-
Reverse acquisition adjustment	(169)	(1,515,629)	(17,435)	-	(16,142,791)	(23)	-	-	-	(17,676,047)
Issue of shares	291,667	3,208,334	-	-	-	-	-	-	-	3,500,001
Issue of consideration shares	564,820	-	-	6,213,021	(6,777,841)	-	-	-	-	-
Issue of adviser shares	12,500	137,500	-	-	-	-	-	-	-	150,000
Costs of raising equity	-	(307,297)	-	-	-	-	-	-	-	(307,297)
Share-based payments	-	(47,533)	258,060	-	-	-	71,480	-	-	282,007
Loss and total comprehensive income for the year	-	-	-	-	-	-	-	-	(3,262,725)	(3,262,725)
Balance as at 31 December 2018	<u>5,286,429</u>	<u>18,000,247</u>	<u>258,060</u>	<u>6,213,021</u>	<u>(23,320,632)</u>	<u>-</u>	<u>71,480</u>	<u>-</u>	<u>(3,974,445)</u>	<u>2,534,160</u>

Bidstack Group plc **Notes to the Financial Statements**

for the year ended 31 December 2018

1. General information and basis of preparation

Bidstack Group Plc (the "Company") is a public limited company and is incorporated and domiciled in the UK. The address of the registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT.

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 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.

Consolidation

The consolidated financial statements consolidate the financial statements of the Company and the results of its subsidiary undertaking Bidstack Limited made up to 31 December 2018.

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.

The assets and liabilities of the legal subsidiary are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts and not re-stated at fair value.

The retained earnings and reserves balances recognised in the consolidated financial statements reflect the retained earnings and other reserves balances of the legal subsidiary immediately before the business combination and the results of the period from 1 January 2018 to the date of the business combination are those of the Legal Subsidiary only.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Group will be able to continue trading for the foreseeable future. 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 1 to 2.

The financial statements at 31 December 2018 show that the Group generated an operating loss for the period of £3.3 million (2017: £0.5 million), after acquisition related costs (£2.1 million: 2017: £nil); with cash used in operating activities of £2.0 million (2017: £0.6 million) and a net increase in cash and cash equivalents of £2.1 million in the year (2017: decrease of £0.03 million). Group balance sheet also showed cash reserves at 31 December 2018 of £2.1 million (2017: £0.01 million).

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 and are satisfied that such revised operating strategies could be adopted, if and when necessary.

3. Staff Costs

	31 December 2018	31 December 2017
	£	£
Salaries and fees	224,454	33,833
Bonus	100,000	-
Share-based payments	257,240	-
Gain on exercise of share options	117,190	-
Other benefits	88	-
Total	698,972	33,833

	2018	2017
Average number of directors	4	4
Average number of employees	9	7

4. Loss per share

The loss per share is based upon the loss of £3,262,725 (2017: loss of £465,770) and the weighted average number of ordinary shares in issue for the year of 77,234,073 (2017: 13,688,435).

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.

5. Investments

Principal subsidiary undertakings of the Company

On 19 September 2018, the Company acquired the entire issued share capital of Bidstack Limited ("legal subsidiary") for a consideration of £6,777,841, satisfied by the issue of 112,964,011 shares. As the legal subsidiary is reversed into the Company ("legal parent"), which originally was a publicly listed cash shell company, this transaction cannot be considered a business combination, as the legal parent does not meet the definition of a business, under IFRS 3 "Business Combinations". As the transaction is capital in nature and completed through the issue of shares it falls within the scope of IFRS 2 'Share-based payments'. Any difference in the fair value of shares deemed to be issued by the legal subsidiary and the fair value of net identifiable assets in the legal parent will form part of the deemed cost of acquisition.

The Investment balance includes a loan of £0.4 million from Bidstack Group to Bidstack Ltd which converted to equity in Bidstack Ltd on 17 September 2018, prior to the Acquisition completion.

The subsidiary undertaking of the Company is presented below:

Subsidiary	Country of incorporation	Proportion of ordinary shares held
Bidstack Limited	England and Wales	100%

6. Share-based payment

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.

	2018		2017	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	2,295,390	0.095	2,180,570	0.086
Granted during the year	30,132,837	0.122	114,820	0.009
Forfeited/waived during the year	(1,662,000)	0.087	-	-
Exercised during the year	(633,390)	0.115	-	-
Total outstanding	30,132,837	0.122	2,295,390	0.095
Total exercisable	22,500,000	0.153	2,295,390	0.095

On 19 September 2018, J Draper was granted 4,166,667 and 833,333 options under the EMI and unapproved schemes respectively. The options are exercisable at 20p per share, vested immediately and expire on the 3rd anniversary of the grant date (unless extended by the Board to a maximum of ten years). There were no vesting conditions attached to the grant of the share options.

On 19 September 2018, F Petruzzelli was granted 17,500,000 options under the unapproved scheme. The options are exercisable at 6p (7,500,000) and 20p (10,000,000), vested immediately and expire on the 3rd anniversary of the grant date (unless extended by the Board to a maximum of ten years). There were no vesting conditions attached to the grant of the share options.

On 19 September 2018, F Petruzzelli was granted 4,166,667 and 632,833 options under the EMI and unapproved schemes respectively. The options are exercisable at 1.14p per share, vested immediately and expire on the 10th anniversary of the grant date. There were no vesting conditions attached to the grant of the share options. These options were granted to him in consideration of his surrendering an option, entitling him to subscribe for 662,000 A Ordinary Shares in Bidstack Limited at an exercise price of 8.256 pence per share.

On 19 September 2018, J McIntosh was granted 1,000,000 options under the EMI scheme. The options are exercisable at 6p per share, vest on the 3rd anniversary of their grant date and expire on the 10th anniversary of the grant date. There were no vesting conditions attached to the grant of the share options.

On 13 December 2018, employees were granted a total of 1,833,337 options under the EMI scheme. The options are exercisable at 6p per share, vest on the 3rd anniversary from their grant date, and expire on the 10th anniversary of the grant date. There were no vesting conditions attached to the grant of the share options.

END

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