



Bidstack Group PLC - BIDS Preliminary Results for the year ended 31 Dec 2019
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Certain information contained within this Announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR"). Upon publication of this Announcement, this information is now considered to be in the public domain.

Bidstack Group Plc

("Bidstack" or the "Company")

Preliminary Results for the year ended 31 December 2019

Bidstack Group Plc (LON: BIDS), the native in-game advertising group, announces its audited results for the year ended 31 December 2019.

Financial Performance

- Turnover of approx. £140,000 (FY 2018: £316,000) reflecting the strategic decision to focus on significant development work
- Cash balance at 31 December 2019 of £3.1m (31 Dec 2018: £2.1m)
- Adjusted loss before tax of £5.3m (FY 2018: £1.2m)

Operational Performance

- Successful oversubscribed Placing in May 2019 raising £5.0m
- Acquisition of Pubguard in August 2019 to protect Bidstack's gaming inventory and enhance its SDK
- Strategic partnership agreement signed with Dentsu Aegis Network in September 2019
- Exclusive Rights secured over various titles including Codemasters DiRT Rally 2 and Grid titles and Sports Interactive's Football Manager 2020
- Two-year trading agreement agreed in December 2019 with global marketing services group
- Contracts signed with Xandr Invest (formerly AppNexus) and The Trade Desk
- Agreement with Epic Games to make Bidstack's SDK available for games using Unreal Games Engine
- Working with the Internet Advertising Bureau (IAB) so that programmatic advertisers will be able to use "in-game advertising" on a self-serve basis in the same way they currently access display and video inventory
- Strengthened Board with appointment of Mike Hayes and Derek Wise as Non-Executive Directors

- Established an Advisory Committee of leading individuals in the video games and programmatic advertising industries

Post Period-end Highlights

- Further exclusive agreement with Codemasters for upcoming 2020 title and appointment of industry gaming veteran, Andrew House, to Advisory Committee
- Lumen Research, an attention technology company that has developed eye-tracking technology to help companies understand how consumers interact with their products, was commissioned on behalf of an automotive brand to better understand how in-game adverts performed versus traditional advertising channels such as desktop display, out of home and mobile display.

James Draper, CEO of Bidstack, said:

"In 2019 we have completed significant development work to ensure Bidstack and our partners are able to make the most out of the significant opportunities that lie ahead. New console launches, the continued evolution of cloud computing and the phenomenal growth in e-sports all provide strong tailwinds and are clear indicators of a healthy, vibrant market. We remain absolutely focused on our mission to become one of the world's foremost advertising network for games, as we pioneer a new category of 'native in-game' advertising.

The Company continues with its strategy of prioritising investment, in order to build a strong foundation on which to grow and to create value for our shareholders.

We have successfully secured increasing demand side interest from ad agencies and are focused on bolstering our supply side through further agreements with content developers, like the fantastic agreement recently announced with Codemasters.

COVID-19 disruption to the advertising industry, particularly in the out of home and live sports segments, is leading media buyers to seek digital alternatives for their brands. Our technology enables them to do that and we are working closely with agency groups to help them test, report and activate larger campaigns across our growing portfolio of titles through this period.

We are confident that we are approaching this balance in the right way which will lead to material revenues in the second half of 2020."

The Company's Annual Report and Accounts for the year ended 31 December 2019 will be published today on the Company's website - www.bidstackgroup.com. Copies will also be posted today to those shareholders who have opted to receive physical copies.

Bidstack's Annual General Meeting will be held at Plexal, 14 East Bay Lane, The Press Centre, Here East, Queen Elizabeth Olympic Park, Stratford, London on 28 May 2020 at 11:00 a.m.

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Notes to editors

Bidstack is an advertising technology company which provides dynamic, targeted and automated native 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 across multiple video games platforms (mobile, PC and console).

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 contracts exclusive access to the native in-game advertising space within video games from their developers or publishers and sells that advertising space either direct to specific brands and their agencies or through programmatic advertising platforms.

Chairman's statement

Introduction

2019 was a year of considerable progress towards Bidstack's goal of becoming a leading platform to deliver in-game advertising in video games. Some of the highlights of the year included Mike Hayes, former CEO of SEGA Europe and America, joining the board in April; an oversubscribed placing to raise £5 million in May; Derek Wise, former CTO of Grapeshot and VP of Contextual Intelligence with Oracle Data Cloud, joining the Board in July; our first acquisition in August, on-line brand safety business Minimised Media Limited (trading as Pubguard), signing our first significant engagement with a major global advertising agency in September and ending the year with a two year advertising trading agreement.

Although the Company failed to meet its revenue targets for the year, 2019 has been spent ensuring the foundations of the business are sufficiently robust to achieve meaningful future growth. With the strength of our Board and Advisory Committee, the engagement we have achieved with leading international advertising agencies and their clients, our ability to provide end-to-end programmatic advertising with some of the world's largest demand-side platforms ("DSPs") and the growth of our team from 17 on 31 December 2018 to 49 at the period end, the Board is content with Bidstack's evolution through the period under review.

During the current period, the unprecedented Covid-19 global pandemic has caused some disruption to the business, primarily due to a number of trade shows having been cancelled. This has clearly had an impact on the face-to-face meetings that had been scheduled to take place during those events. Despite this, the systems and procedures we have in place, along with our technology-based platform, are ensuring that, from an operational standpoint, Bidstack's business is largely able to proceed as normally as possible with our staff working remotely.

Background

Bidstack and its partners are in the forefront of the creation of in-game advertising as a new advertising category which comes with many technical, regulatory and commercial hurdles.

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 of the game 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.

Progress during 2019

As we stated in our unaudited interim results for the six months ended 30 June 2019, during 2019 we made the strategic decision not to prioritise the acquisition of new games and additional advertising inventory in order to give our technical development and product teams the freedom they needed to carry out significant development work. In addition, we were not disappointing major video games developers and publishers by having to hold off filling their advertising inventory while necessary development work took place.

In early August 2019, Bidstack completed its purchase of Minimised Media Limited, trading as "Pubguard" for £300,000 satisfied by the issue of Bidstack shares. Pubguard reviews in-app and mobile advertisements and desktop web content for offensive, malicious, illegal ad content and malware. This software is being used to protect Bidstack's gaming inventory and to enhance its Software Development Kit ("SDK").

In late August we appointed Stifel Nicolaus Europe Limited ("Stifel") as our corporate broker to support our growth. Stifel is an NYSE-listed full-service investment bank with a 100-person global technology & internet banking team and offices across the US, Europe and Asia. Stifel commenced research coverage of the Company in March 2020.

In late September we entered into a strategic partnership agreement with Dentsu Aegis Network ("DAN") encompassing a partnership framework allowing DAN to scale access to Bidstack's in-game inventory on a programmatic basis globally, giving video game publishers frictionless access to one of the world's largest agency holding groups.

On 18 December, following several months' work by the team, we signed a two-year trading agreement with a global marketing services group to assist brands embrace the full potential of Bidstack's disruptive technology. The Board believes this level of engagement represents a significant shift in approach from a major advertiser looking to engage with an affluent, diverse and growing gaming and esports audience on a larger scale.

For more information on the Group's technical and commercial progress in 2019 please refer to the Chief Executive's Statement set out below.

Board Appointments and Advisory Committee

During 2019 we added two talented and well connected new Non-Executive Directors, Mike Hayes (formerly of SEGA, Codemasters and Nintendo) and Derek Wise (Oracle Data Cloud, formerly of Grapeshot and Jagex) who are bringing their skills and experience to the business and are making a considerable impact.

During the period we also established an Advisory Committee which has allowed Bidstack to engage with leading individuals in the video games and programmatic advertising industries. More information about the Advisory Committee is set out in the Chief Executive's Statement below.

Financial Summary

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

12 months ended 31 December	2019	2018
	£000	£000
Sales	140	316
Gross profit	34	76
Total overheads	5,353	1,263
Adjusted (loss) before tax*	(5,319)	(1,187)

*Adjusted for transaction costs (2019: £0.04m) and RTO charges (2018: £0.7 million) and the deemed cost of acquisition (2018: £1.4 million)

The Company raised £5.0m in May 2019 as a result of a placing of 40 million new ordinary shares with institutional and other investors at 12.5 pence per share. In addition, the Company received a further £0.7m following the exercise of 4,375,616 warrants issued in November 2017 at an exercise price of 20 pence per warrant.

The Company ended 2019 with cash reserves of £3.1 million (2018: £2.1 million). Cash management is a key focus within the business. We expect to continue to have negative cash flows in 2020, as our strategic focus remains on the development of our software platform alongside our product offering.

Outlook and Prospects

Although the Company has achieved significant engagement with major global advertising agencies, including Dentsu Aegis, giving the world's leading advertising agencies the comfort to buy and report on native in-game advertising takes time and the Board believes further building blocks are still required before those revenues can be fully exploited.

The Board believes that the addressable market for video game advertising will go through a period of substantial change over the next three to five years, which Bidstack is well placed to take advantage of. We believe that new console launches, the growth of cloud-gaming and e-sports, coupled with legislative restrictions affecting targeting via app and web-based advertising, should all work in Bidstack's favour.

2020 will see a new generation of hardware launched into the gaming market not least because both Microsoft and Sony have announced plans to launch new consoles this year. The next generation of Xbox, codenamed "Project Scarlett," is scheduled to arrive this year, as is the Sony PlayStation 5.

The Company continues to work with some of the largest game publishers in the world to make more inventory available to advertisers and some of these games are currently at integration or beta testing phase. However, the Company's focus continues to be on games with higher user statistics, rather than on sheer numbers of games, in order to maximise advertisers' access to targeted demographics. The Board will update the market on significant new games when it is able to do so.

Bidstack is also continuing its work 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. When this work is completed, programmatic advertisers will be able to use "in-game advertising" on a self-serve basis in the same way they currently access display and video inventory.

With the connections Bidstack has made through the Advisory Committee and Board members, the Directors believe the Company is well-positioned strategically to capitalise on the commercial and technical opportunities ahead. Bidstack will continue to add high calibre individuals to the Advisory Committee to assist the Company and the team on its stated goals.

As a result of the experience gained in 2019, the Board believes that Bidstack's medium and longer term interests require the Company to continue with its strategy of prioritising technical investment over seeking short term revenues in order to take full advantage of the potentially significant shifts in technology and media planning capabilities which are underway. While we are working hard to increase the breadth of our inventory of games in H1 2020 and with some success, the Board continues to expect that revenues in H1 2020, although higher than total revenues for 2019, will continue to be minor and that material revenues for 2020 will start to occur only in the second half.

On 6 April we were pleased to confirm that, as announced by the Department for Digital, Culture, Media and Sport ("DCMS"), Bidstack provided its technology to insert the important message "Stay Home Save Lives" within Codemasters DiRT Rally 2.

The video games industry is currently witnessing record numbers of daily active users and hours played; concurrently Bidstack is experiencing high levels of inbound demand from advertising agencies and others. Nevertheless, in its planning for 2020 the Board has taken a highly conservative view on revenue prospects and believes it is right to do so, particularly given the currently unknown duration and impact of Covid-19 related restrictions on movement and face to face meetings. For 2020 Bidstack's focus remains on securing significant commercial and technological deals that will position the Company well for growth in the medium term.

In the meantime we remain focussed on careful management of our existing cash resources and expected trading and non-trading cash receipts as we continue to grow the business.

Chief Executive's report

Introduction

This is my second report as Chief Executive of Bidstack Group Plc.

In the current period COVID-19 has created an unprecedented economic and social climate. Our first concern has been to ensure the safety and wellbeing of all our staff, who are now working safely from home.

That said, I would like to thank all my other directors and staff at Bidstack for having driven the business forward and achieved so much during 2019. I would also like to thank our shareholders and investors.

Progress during 2019

2019 was a year in which Bidstack laid many of the foundations which will enable us to progress towards our goal of becoming one of the world's foremost advertising networks for video games, leading with our native in-game advertising platform. If an advertiser wants to place their brand in front of an engaged gamer in a non-intrusive, contextual manner (we call it the *native in-game* environment), our technology enables them to do so.

The Company undertook significant strides throughout 2019 in terms of personnel, infrastructure, market positioning, demand and supply interest.

As a result, Bidstack's inventory is now available to buy on The Trade Desk, a huge technological accomplishment which has been made possible by our impressive technical teams in Riga and London.

Native in-game advertising remains new territory and the work we've achieved with our launch partners, SEGA and Codemasters, enabled us, at the tail end of 2019, to secure our first trading agreement with a global advertising agency group. Not only is this a huge step for Bidstack and this new industry sector, it is also a significant third-party endorsement of our technology and strategy.

While still on a small scale, by the end of 2019 we were running fully programmatic campaigns on our inventory of games.

As the Company also focused on advancing towards frictionless scalability during the period under review, we also invested heavily in our AdConsole, our proprietary adserver and centralised platform, which allows campaigns to be monitored and reported on seamlessly to our advertising agency and game developer clientele.

More detail on our developments in specific areas of the business are set out below:

Games

We have worked hand in glove with our friends at Codemasters in 2019 to deliver native in-game advertising into their *DiRT Rally 2* and *Grid* titles.

In addition we extended our multi-year partnership with Sports Interactive, SEGA's world-leading developer of football management simulations, by a further three years giving Bidstack exclusive rights to serve native in-game advertising within *Football Manager 2020* with Bidstack's Software Development Kit ("SDK"), which was released in November 2019.

A SDK is a sophisticated set of software tools, libraries, code samples, processes and components built to incorporate features and drive user behaviours.

This is the first title on which Bidstack's SDK is running live. The SDK's functionality includes added brand safety and security measures and allows game publishers to track the real-time performance of their in-game inventory through our AdConsole.

Programmatic Advertising

The ability to provide programmatic advertising with related reporting and analysis is critical to our business because it unlocks digital advertising spend from the major advertising agency groups.

During 2019 we delivered on our initial challenge to provide a working end-to-end programmatic digital advertising platform, first with demand side platform ("DSP") Avocet Systems Limited, a significant technical milestone in our development, and then with Platform 161. DSPs enable advertisers to target advertising inventory, either direct or via an agency, that fits their campaign demographics (e.g. age, gender, location etc.) and allows media buyers to trade and optimise campaigns with real-time reporting.

Our subsequent relationships with Xandr Invest (formerly known as AppNexus) and The Trade Desk (Nasdaq: TTO), the operators of two of the world's largest DSPs, have proven that native in-game advertising can be traded programmatically.

However, as we stated in our interim results in September 2019, the roll-out of this new ad format is a complex process but we are pleased that we have already made strides on the journey.

Proof of our evolution in this area came in September 2019 in the form of a pioneering agreement with global advertising giant Dentsu Aegis and, in December, a two-year advertising trading agreement for 2020 and 2021 with a leading global agency.

Other Technology

In early August 2019, we bought Minimised Media Limited. Under the trading name "Pubguard" it reviews in-app and mobile advertisements and desktop web content for offensive, malicious, illegal ad content and malware.

During 2019 we developed both our proprietary lightweight SDK and our proprietary adserver and centralised platform, AdConsole which, as previously noted, enables automatic monitoring and reporting on digital advertising campaigns. As I mentioned above, Bidstack's SDK facilitates game publishers to track the real-time performance of their in-game inventory through our AdConsole and includes additional functionality for brand safety and security enhanced by the integration of Pubguard's advertising verification software.

As we announced in August, Epic Games, the creator of *Fortnite*, *Unreal*, *Gears of War*, *Shadow Complex*, and the *Infinity Blade* series of games, has agreed to make our SDK available for games built using their Unreal Games Engine.

Commercial Developments

We have completely revised and rebuilt our web-site, www.bidstack.com in 2019 to provide a much more informative and attractive shop window for our industry profile and marketing and adopted and installed a new CRM system.

During the period we commissioned Lumen Research Limited to carry out studies using their eye tracking attention technology to measure and predict visual engagement with advertisements across several of our gaming titles. We were pleased to announce on 24 June 2019 that our ads outperformed online browsing norms across all the titles tested, in some cases by more than double. In particular, our ads performed well above industry standards with gamers who play every day. We believe the findings of this study demonstrate that Bidstack's in-game format is a powerful way for brands to reach their target audience and to reach the "unreachables" in a demonstrable way.

The Digital Trading Standards Group awarded us a Brand Safety Seal which reassures our clients that we are taking the strongest possible proactive steps to protect the integrity of the digital advertising supply chain.

Staffing

Our rapid hiring programme has taken us from 17 employees on 31 December 2018 to 49 at 31 December 2019. The Bidstack team now comprises many extremely talented and capable people with impressive backgrounds and experience in related businesses. Senior hires such as Lewis Sherlock from Verizon, Moritz Natalini from King, Grace Cooke from Kargo, Adam Fisher from Unity and former Ubisoft, Sony and Atari sales professional John Koronaiois, to name but a few, have strengthened the core group during the year.

We constituted our Advisory Committee to enable our team to obtain assistance from an impressive array of industry stalwarts from the video games and digital marketing industries in relation to technical and commercial questions. I am grateful to all those who have agreed to participate and slightly in awe that some of the biggest names in the world of video games and adtech have publicly and clearly chosen to associate themselves with Bidstack. With the committee members we have been able to brainstorm and access major gaming studios, advertising agency groups, leading technology companies and gaming and advertising governing bodies. The Advisory Committee includes luminaries such as Will Kassoy (former SVP of Publishing at Activision Blizzard and CEO of AdColony) Ian Hetherington ("Development Legend"), Jon Epstein (former CEO of GameSpot and Double Fusion), Bryan Neider (former SVP of Electronic Arts) and, most recently, Andrew House (former Global CEO of Sony PlayStation).

We believe Bidstack can now access almost any significant individual in the gaming and advertising worlds through our Board and Advisory Board members and our management teams are fully supported by decades worth of experience.

Industry Initiatives

Unlike in-app, TV, digital audio, out of home etc., native in-game advertising hasn't been a recognised advertising category. We are working with our partners from game developers, advertising agencies, researchers and independent third-party verifiers to assist the Internet Advertising Bureau (IAB) to standardise this category.

For instance, setting the parameters for how "viewability" is defined in video games, whether racing, stadium or open world environment games, is crucial to how agencies can report on their ad spend and verify impression numbers within an in-game. This has been a significant technical challenge for our team to overcome.

The establishment of sector wide standards should unlock significant revenues. Bidstack has taken huge strides in the process of standardising definitions for the in-game advertising category and we will continue to do so through 2020 and beyond.

Other Developments

We are now open for business in the US following the opening of an office in San Francisco in August and an office in New York in October. We now have a full-time employee in each location.

Strategy

The Company pushes into 2020 with a clear team management and organisational structure across the UK, Riga and the US. The technological, governance, demand and supply teams are working cohesively and are fully focused on ensuring the Company makes continued significant strides.

Major technological and governance challenges are being overcome as we bring the in-game advertising medium to the advertising community. The Company is in advanced conversations with a number of AAA game studios and we expect to add further advertising agency trading agreements to our existing agreement, signed in 2019.

Covid-19 disruption to the advertising industry, particularly in the out of home and live sports segments, is leading media buyers to seek digital alternatives for their brands. It's no longer "business as usual" in these significant areas. Agencies need to innovate to assist their brand clients to reach targeted audiences. Bidstack's technology enables them to do that and our team is working closely with agency groups to help them test, report and activate larger campaigns across our growing portfolio of titles through this period.

With 2020 expected to see the launch of the PlayStation 5 and Xbox's Series X, the focus now is for the Company to position itself to capitalise on the next generation of hardware and the new business models these will bring to the video gaming industry. This approach continues to be the strategy during the current Covid-19 related macro-economic upheaval. As we set out in our update to the market on 30 March 2020, the gaming sector now provides an opportunity for brands and advertisers, including governmental agencies, to target audiences, which are currently not reachable through other mediums due to the restrictions in place across multiple markets.

In summary, I believe that, while revenues for the first half of 2020 will be better than last year, they will remain low. The impact of Covid-19 remains impossible to predict and we are taking a highly conservative view on our revenues for the full year. That said the work we have done in 2019 positions the business well to build a highly scalable native in-game platform that can carve out a significant position within the evolving video game advertising and communications sector.

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

James Draper
Chief Executive
4 May 2020

Strategic Report

Principal Activity

Bidstack is an advertising technology company which provides dynamic, targeted and automated native 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 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 is confident of the Company continuing operations into the foreseeable future. This assessment has been arrived at after 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 the current macro-economic conditions, and are satisfied that such revised operating strategies could be adopted, if and when necessary. Specific attention needs to be drawn to the comments made in respect of the impact the COVID-19 pandemic on Going Concern and the approaches being taken by the Group to manage and mitigate the additional operational and financial challenges the environment presents.

The financial statements at 31 December 2019 show that the Group generated an operating loss for the year of £5.2 million (2018: £3.3 million) after accounting for acquisition related costs of £0.045 million (2018: £2.1 million); with cash used in operating activities of £4.5 million (2018: £2.0 million) and a net increase in cash and cash equivalents of £1.04 million in the year (2018: increase of £2.1 million). Group balance sheet also showed cash reserves at 31 December 2019 of £3.1 million (2018: £2.1 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 Board's focus for 2020 is on expanding the number of games in which its technology is employed, increasing its network of advertising agency trading agreements and addressing definitional issues in the sector including 'viewability' and associated third party verification issues.

The Group's KPIs will provide a critical measure of the Group's revenue potential and are evolving to reflect the Group's progressing business model. Available advertising space, our pipeline of additional future games, the installed base and active user statistics for individual games and technological developments with programmatic advertising platforms are all valuable indicators of potential revenue. Content drives players, who can view our brand safe advertising in an increasing theatre of distribution, which ultimately generates advertising revenue.

For forward looking performance measurement, the Board will seek to assess the Group's various engagements with new business prospects, and the level and speed of their progress.

Principal risks and uncertainties

The Board places a high emphasis on being risk aware. The model for the future development of the Group is reliant on its ability to achieve a critical mass of quality native in-game advertising inventory and its ability to derive revenue from brand and advertising agencies who want to access the audience for Bidstack's inventory.

We track 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 budget. This enables the board to determine and mitigate the Company's risk environment, which includes:

Risk: Retention of key staff	Mitigation
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.	Bidstack's founders are significant shareholders. In addition, the Group operates a share option scheme to incentivise employees and enable them and to benefit from growth in the business. The Board will continue to ensure that key personnel are appropriately sourced, engaged and incentivised where required.
Risk: Competition	Mitigation
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.	The Directors believe that Bidstack has a significant advantage in terms of its technology, products and services over its currently known competitors. We focus on development progress and the strength of our IT team in order to maintain this advantage as far as practicable.
Risk: IT services and infrastructure	Mitigation
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	The Group's IT infrastructure is distributed across a multiple server network. This ensures that if one were to fail, then the Group's architecture and content

available, which could have a material adverse effect on the business.	could still be accessed by users via other access points.
Risk: Liquidity	Mitigation
The Group's future cash position remains subject to the availability of funding and continued shareholder support. Until the Group reaches a positive cash generative position, 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.	Management monitors the working capital requirements of the business to finance its growth plans as part of its day to day control procedures. The board regularly assesses cash flow projections to ensure that appropriate resources are available to be drawn on, when necessary.
Risk: Business Interruption	Mitigation
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 presented by the global impact of the Coronavirus pandemic.	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 virus pandemic presents an environment which can increase audiences in the Gaming sector, mitigating certain demand-side risks the Group faces.
Risk: Publishing partner growth	Mitigation
Success of the Group's strategy relies on its on-going ability to secure additional games with appropriate advertising opportunities. There can be no assurance that the Group will maintain its success in this area.	The Group is in advanced conversations with number of AAA game studios in relation to the provision of additional games. Games developers and publishers are incentivised to provide advertising in their games by the potential to generate significant additional revenues from advertising.
Risk: Converting client opportunities	Mitigation
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 that native in-game advertising is an attractive avenue for advertising in competition to better understood and more traditional alternatives.	Bidstack has already secured a partnership agreement with Dentsu Aegis, a leading global advertising agency. The growth of the popularity of video gaming should ensure 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 advertising agencies to create additional advertising trading agreements and frameworks.
Risk: Brand Safe Advertising space	Mitigation
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.	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. Furthermore, with its acquisition of Pubguard, Bidstack has enhanced its brand safety and security features.

Employment without discrimination

The Company is committed to employ 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 direct impact of our operations is low. We also look to tread lightly through good housekeeping practices such as reducing energy consumption, using sustainable resources and recycling waste.

Directors, senior managers and employees

At 31 December 2019, there were six male directors of the Company and the Company had twenty-two 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 Group Plc's ("Bidstack", "Group" or the "Company") key stakeholders include its investors, employees, regulatory bodies, suppliers and customers.

The Company's strategy is to expand and further monetise its digital media platform and/or its associated complementary technologies. Upon the successful implementation of the Company's strategy, the Company will 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 members plays an essential role throughout our business. We are cognisant of fostering an effective and mutually beneficial relationship with our members. Our understanding of our members is factored into boardroom discussions regarding the potential long-term impacts of our strategic decisions.

Post the reporting period end, the directors of the Company ("Directors") have continued to have regard to the interests of the Company's stakeholders, including the potential impact of its 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 members and is promoting the success of the Company for its members 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 throughout 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.	<ul style="list-style-type: none"> · Regular reports and analysis on investors and shareholders · Annual Report · Company website · Shareholder circulars · AGM · RNS announcements · Press releases
Our Employees	Our people are at the heart of our business. Effective employee engagement leads to a happier, 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. Engagement with our employees starts from the top and is driven effectively throughout the Group.	<ul style="list-style-type: none"> · Evaluation and feedback processes for employees and management · Competitive rewards packages · Encouraging employee training and development · Flat structure communication with Board

Regulatory bodies	The Group's operations are subject to a wide range of laws, regulations, and listing requirements including data protection, tax, employment, environmental and health and safety legislation, along with contractual terms.	<ul style="list-style-type: none"> · Company website · RNS announcements · Annual Report · Direct contact with regulators · Compliance updates at Board Meetings · Consistent risk review
Our Customers	Our customers have unique requirements that require diligence and trust in our offering. We aim to listen to and engage with our customers on a regular basis to ensure that we understand their needs and	<ul style="list-style-type: none"> · Continual review of feedback from customers to ensure satisfaction

	can provide solutions that address them. We ensure that information is easily accessible and customer concerns are dealt with in a timely and professional manner.	<ul style="list-style-type: none"> · Dedicated team for Client Services and Operations to ensure consumer concerns are addressed · Face to face meetings with customers to further develop relationships. · Investment in content control and consumer safety through acquisition.
Our Suppliers	We have a number of key partners and suppliers with whom we have built strong relationships with and strongly value. We establish effective 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"> · Building strong partnerships with suppliers through open two-way dialogue and regular face to face meetings. · Relationships with suppliers allow the ongoing review and monitoring of their performance levels

The above statement should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement.

The Strategic Report was approved by the Board of Directors on 4 May 2020 and was signed on its behalf by:

James Draper
Chief Executive
4 May 2020

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the Group is the provision of native in-game advertising.

Results and dividends

The results of the Group for the year ended 31 December 2019 show a loss before tax and acquisition related costs for the year of £5,319,681 (2018: loss of £1,187,291). The accounting loss after tax and acquisition related costs was £5,364,514 (2018: loss of £3,262,725). The directors do not recommend the payment of a dividend (2018: £Nil).

Financial instruments

Details of the use of financial instruments by the Company are contained in note 23 of the financial statements.

Substantial shareholders

On 31 December 2019 the following shareholders held an interest of 3% or more of the ordinary share capital of the Company:

	Ordinary shares of 0.5p	% of issued share capital
James Draper	39,760,562	16.24
Optiva Securities	15,000,000	6.13
Simon Mitchell	9,979,298	4.08
Courtney Investments Limited	7,666,667	3.13

As at 31 December 2019 no other person had reported an interest of 3% or more in the Company's ordinary shares.

Directors

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

		Appointed	Resigned
D Stewart	Chairman	-	-
J Draper	Executive	-	-
F Petruzzelli	Executive	-	-
J McIntosh	Executive	-	-
L Mair	Non-Executive	-	2 July 2019
J Taylor	Non-Executive	-	2 July 2019
M Hayes	Non-Executive	10 April 2019	-
D Wise	Non-Executive	2 July 2019	-

Directors' emoluments

Directors during the year		Salary/Fees/ Benefits	Share- based payment	Total Emoluments	2018
		£	£	£	£
D Stewart ¹	Chairman	40,000	6,921	46,961	24,233
J Draper	Executive	135,000	-	135,000	129,440
F Petruzzelli	Executive	135,000	178,905	313,905	330,477
J McIntosh ²	Executive	95,000	14,667	109,667	12,161
L Mair	Non-Executive	17,500	-	17,500	30,600
J Taylor ³	Non-Executive	17,500	-	17,500	54,871
M Hayes	Non-Executive	21,818	32,366	54,184	-
D Wise	Non-Executive	15,125	25,901	41,026	-
		476,943	258,760	735,743	581,782

¹ Donald Stewart, Chairman, is also a consultant to Kepstorn Solicitors. Fees for corporate and legal services of £79,186 (2018: £77,370) were charged by Kepstorn during the year ended 31 December 2019, of which £24,000 related to Kepstorn's fees for acting as the Company's solicitors on the corporate transaction for the acquisition of Minimised Media Limited (2018: £60,000). As at 31 December 2019, £Nil was owed to Kepstorn Solicitors (2018: £19,080).

² John McIntosh, Finance Director, is also a Director of C P Limited. Fees for consultancy services of £Nil (2018: £9,000) were charged by C P Limited during the year ended 31 December 2019. As at 31 December 2019, £Nil was owing to C P Limited (2018: £Nil).

³ John Taylor, Non-Executive Director, is also a Partner of Ugly Panda LLP. Fees for consultancy services to Bidstack Ltd of £Nil (2018: £26,471) were charged by Ugly Panda LLP during the year ended 31 December 2019. As at 31 December 2019, £Nil was owing to Ugly Panda LLP (2018: £409).

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 significant 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, Mike Hayes and Derek Wise, and three Executive Directors, James Draper, Francesco Petruzzelli and John McIntosh.

Since the period end, as outlined in the Chairman's statement, 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 10 principles that should be applied. These are listed on the Company's website at www.bidstackgroup.com together with an explanation of how the Company applies each of the principles. Set out below are further disclosures on certain of these principles.

Principle 1 - Business Model and Strategy

Bidstack is a provider of native 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.

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 Chairman's statement, 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 the first half of 2019 on technical development.

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.

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 principal risks.

For further information on the risks the Board consider to be the most significant for potential investors, Shareholders are referred to in the section headed "Principal risks and uncertainties".

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, Finance Director and Chief Technology Officer, and three Non-Executive Directors.

Donald Stewart chairs the Board. The Executive Directors have industry and technical knowledge and expertise (James Draper and Fran Petruzzelli) and financial expertise (John McIntosh). The Non-Executive Directors have legal, accounting, public market, leadership and people management experience (Donald Stewart, Mike Hayes and Derek Wise).

Liam O'Donoghue, who is a qualified corporate lawyer and an experienced Company Secretary, is 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 also 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 will be reviewed on a regular basis by the Directors.

All three Non-Executive Directors (Donald Stewart, Mike Hayes and Derek Wise) are considered to be independent. The three Non-Executive Directors sit on the Audit Committee, which is chaired by Mike Hayes (who is a chartered accountant) and on the Remuneration Committee, which is chaired by Derek Wise.

During the year under review the Board held ten regular board meetings, at which all the members of the Board attended. In addition, the Board met formally a further eighteen times for specific purposes including in relation to the exercise of warrants, to approve the Company's fundraise, to approve publication of the Report and Accounts for 2018 and to approve publication of the Interim Accounts for the period to 30 June 2019. 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 almost 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. 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 is the co-founder and Chief Executive Officer of Bidstack. He initiated Bidstack's move into the gaming space in 2017 and led the negotiations to secure the three-year contract with SEGA's *Football Manager* title. He has been responsible for the day to day management of Bidstack, as well as overseeing its strategic direction. Prior to Bidstack, James spent several years working within marketing and advertising with a range of clients in the sports and b2b space. James brings core management, marketing and strategic vision and an intimate knowledge of all aspects of the Bidstack business to the Board.

Francesco Petruzzelli - Chief Technology Officer

Fran is the co-founder and Chief Technology Officer of Bidstack. He created Bidstack's core artificial intelligence engine, heads its development studio and oversees its team of developers and programmers. Prior to Bidstack, Francesco founded Whaleslide, a privacy conscious search engine allowing users to control all aspects of their online lives from one webpage. Fran brings to the Board software technical and developmental expertise and a comprehensive understanding of the Bidstack product.

John McIntosh CA - Finance Director

After qualifying with Deloitte in 1994, John worked with Sony, global advertising agency DMB&B (acquired by Publicis) and the BBC before concentrating on online, multi-media businesses. He was CFO and COO of DCD Media plc for five years until May 2012 then CFO of Progility Plc to April 2015, growing the business from a £12 million to £60 million turnover. John has worked as a consultant CFO for a number of entities in UK, Europe and Hong Kong, and since October 2016 as CFO for McLaren GT, a joint venture with McLaren Automotive. John brings significant experience of CFO and COO roles in AIM-quoted companies. As a member of the Institute of Chartered Accountants of Scotland John is required to keep his skills up to date through the ICAS Professional Development Process.

Michael (Mike) Hayes - Non-Executive Director

Mike has a wealth of experience in the video games industry having spent eight years at SEGA, latterly as CEO of SEGA Europe and America. During his tenure, SEGA became established as a top 10 worldwide publisher of video games. Prior to SEGA, Mike spent five years as Sales and Marketing Director on the Board of Codemasters, the award-winning British developer and publisher of high quality racing games. For over five years, Mike was Sales and Marketing Director at Nintendo, responsible for hardware and software. Mike is a former Investment Director at AIM listed Mercia Technologies PLC, where he was Head of Digital and Digital Entertainment.

Derek Wise - Non-Executive Director

Derek, a highly experienced software technologist, became Chief Technology Officer of Grapeshot in January 2017 responsible for software development, product, support and operations globally. Following Oracle's acquisition of Grapeshot in August 2018, Derek is now VP of Contextual Intelligence with Oracle Data Cloud, responsible globally for all products related to the contextual understanding of data. Starting his technical career in 2000 with Enron Broadband, in 2001 Derek founded GNi, turning it into one of the fastest growing technology companies in the US. He then held a series of Technical Director and CTO roles with CCP, TRC Family Entertainment, Jagex and Benevolent AI.

Liam O'Donoghue from ONE Advisory Group acts as the Company Secretary and is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain good standards of corporate governance. Liam is an ICSA Chartered Company Secretary.

The Directors have access to the Company's external advisers e.g. 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, with areas to take into account including gender balance.

Principle 7 - Evaluation of Board Performance

The first internal evaluation of the Board, its Committees and individual Directors and officers is due to be undertaken in Q3 of 2019 and 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 is likely to appoint additional directors in the event that outstanding people with relevant skills are able to make the necessary commitment to drive the business forward.

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 e-sport tournaments to get direct feedback from the players and viewers of video games and seeks to be regarded as a good corporate citizen by all its stakeholders within its sphere of operation.

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 Mike Hayes as Chairman, Derek Wise and Donald Stewart 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 adopting a new Financial Reporting Procedures Manual which was adopted by the Company on 31 August 2018. In addition, the Audit Committee has worked with and reviewed the work of the Company's auditors in the production of the Report and Accounts of the Company for the year ended 31 December 2019 set out in this document.

Remuneration Committee Report

The Remuneration Committee comprises Derek Wise as Chairman, Mike Hayes and Donald Stewart 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 recommendations to the board in relation to the salaries and bonuses of the Chief Executive, the Chief Technical Officer and the Finance Director and, separately, in relation to the issue of share options to certain employees of the Group. The amounts of remuneration for each Director are set out above. These include basic salary, bonus and the estimated monetary value of benefits in kind.

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
2019**

Warrants

Options

Director	Ordinary Shares	Ex. Price 5p	Ex. Price 1.14p	Ex. Price 6p	Ex. Price 14.4p	Ex. Price 20p	Ex. Price 31.75p	Ex. Price 50p
D Stewart	1,149,773	250,103	-	-	-	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	200,000	-	-	1,000,000	-	500,000	-	-
M Hayes	-	-	-	-	700,000	300,000	-	-
D Wise	-	-	-	-	-	-	700,000	300,000

31 December 2018

Director	Ordinary Shares	Warrants		Options		
		Ex. Price 5p	Ex. Price 20p	Ex. Price 20p	Ex. Price 6p	Ex. Price 1.14p
D Stewart	989,733	250,103	25,000	-	-	-
J Draper	41,260,562	-	-	5,000,000	-	-
F Petruzzelli	7,250,000	-	-	10,000,000	7,500,000	4,799,500
J McIntosh	-	-	-	-	1,000,000	-
J Taylor	560,000	500,205	15,000	-	-	-
L Mair	1,041,666	250,103	62,500	-	-	-

Going concern

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.

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
4 May 2020

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 2019 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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

Note 2 of these financial statements describes how the business is dependent on further equity funding to sustain itself over the following year. This condition indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. The auditor's opinion is not modified in respect of this matter.

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.

Going concern

Due to the continued losses made (£5.2 million in 2019) there is a risk that the Group may not have sufficient resources to continue trading for the foreseeable future.

Our audit work included, but was not restricted to the following:

We reviewed the cash flow forecasts and budgets. We scrutinized these and challenged the assumptions made by management.

We reviewed the forecasts against post year-end actuals and management accounts in order to assess if the Group has sufficient resources to continue trading for the foreseeable future.

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.

We determined materiality for the Group to be £84,000 which is 2% of total assets.

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 £63,000.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £4,200. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

An overview of the scope of our audit

We performed a full scope audit of Bidstack Group plc and its two subsidiaries - Bidstack Limited and Minimised Media Limited.

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, 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.

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. 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

Date: 4 May 2020

Consolidated statement of comprehensive income for the year ended 31 December 2019

	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Revenue		140,391	316,906
Cost of sales		(106,697)	(240,849)
Gross profit		33,694	76,057
Administrative expenses	5	(5,353,375)	(1,263,348)
Operating loss before acquisition related costs		(5,319,681)	(1,187,291)
Transaction costs		(44,833)	(713,744)
Share based payment on reverse acquisition		-	(1,411,478)
Operating (loss)		(5,364,514)	(3,312,513)
Finance income	8	8,060	-
Finance costs	8	(967)	(729)
(Loss) before taxation		(5,357,421)	(3,313,242)
Taxation	9	148,141	50,517
(Loss) for the year		(5,209,280)	(3,262,725)
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive (loss) for the year		(5,209,280)	(3,262,725)
Loss per share - basic and diluted (pence)	10	(2.26)	(4.23)

Consolidated statement of financial position
as at 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
ASSETS			
Non-current assets			
Intangible assets	12	310,960	43,842
Property, plant and equipment	13	22,377	15,752
Right of use asset	15	26,710	-
Total non-current assets		360,047	59,594
Current assets			
Trade and other receivables	17	533,207	807,691
Cash and cash equivalents	18	3,148,540	2,106,557
Total current assets		3,681,747	2,914,248
Total assets		4,041,794	2,973,842
EQUITY AND LIABILITIES			
Equity			
Share capital	20	5,516,759	5,286,429
Share premium account	20	23,283,880	18,000,247
Share-based payment reserve	20	734,365	258,060
Merger relief reserve	20	6,508,673	6,213,021
Reverse acquisition reserve	20	(23,320,632)	(23,320,632)
Warrant reserve	20	71,480	71,480
Retained losses	20	(9,183,725)	(3,974,445)
Total equity		3,610,800	2,534,160
Non-current liabilities			
Lease liability	14	8,300	-
Total non-current liabilities		8,300	-
Current liabilities			
Trade and other payables	19	406,672	439,682
Lease liability	14	16,022	-
Total current liabilities		422,694	439,682
Total equity and liabilities		4,041,794	2,973,842

The financial statements were approved by the board of Directors on 4 May 2020 and signed on its behalf by:

Donald Stewart
Chairman of Bidstack Group Plc

The notes form part of these financial statements.

Company statement of financial position
as at 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
ASSETS			
Non-current assets			
Right of use asset	15	26,710	-
Investments	16	7,477,841	7,177,841
Total non-current assets		7,504,551	7,177,841

Current assets			
Trade and other receivables	17	4,638,373	846,654
Cash and cash equivalents	18	3,040,326	2,087,120
Total current assets		7,678,699	2,933,774
Total assets		15,183,250	10,111,615
EQUITY AND LIABILITIES			
Equity			
Share capital	20	5,516,759	5,286,429
Share premium account	20	23,283,880	18,000,247
Share-based payment reserve	20	734,365	258,060
Merger relief reserve	20	6,508,673	6,213,021
Warrant reserve	20	76,457	76,457
Retained losses	20	(21,036,180)	(19,849,761)
Total equity		15,083,954	9,984,453
Non-current liabilities			
Lease liability	14	8,300	-
Total non-current assets		8,300	-
Current liabilities			
Trade and other payables	19	74,974	127,162
Lease liability	14	16,022	-
Total current liabilities		90,996	127,162
Total equity and liabilities		15,183,250	10,111,615

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 £1,186,419 (2018: loss of £1,231,774).

The financial statements were approved by the board of Directors on 4 May 2020 and signed on its behalf by:

Donald Stewart
Chairman of Bidstack Group Plc

The notes form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2019

	Share capital £	Share premium £	Share- based payment reserve £	Merger relief reserve £	Reverse acquisition reserve £	Capital redemption reserve £	Warrant reserve £	Retained losses £	Total equity £
Balance as at 1 January 2018	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	13	399,987	-	-	(400,000)	-	-	-	-

prior to acquisition									
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	5,286,429	18,000,247	258,060	6,213,021	(23,320,632)	-	71,480	(3,974,445)	2,534,160
Issue of shares	225,982	5,541,549	-	-	-	-	-	-	5,767,531
Issue of consideration shares	4,348	-	-	295,652	-	-	-	-	300,000
Costs of raising equity	-	(257,916)	-	-	-	-	-	-	(257,916)
Share-based payments	-	-	476,305	-	-	-	-	-	476,305
Loss and total comprehensive income for the year	-	-	-	-	-	-	-	(5,209,280)	(5,209,280)
Balance as at 31 December 2019	5,516,759	23,283,880	734,365	6,508,673	(23,320,632)	-	71,480	(9,183,725)	3,610,800

The notes form part of these financial statements.

Company statement of changes in equity for the year ended 31 December 2019

	Share capital £	Share premium £	Share-based payment reserve £	Merger relief reserve £	Warrant reserve £	Retained losses £	Total equity £
Balance as at 1 January 2018	4,417,442	15,009,243	-	-	4,977	(18,617,987)	813,675
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 funds	-	(307,297)	-	-	-	-	(307,297)
Share-based payments	-	(47,533)	258,060	-	71,480	-	282,007
Loss and total comprehensive income for the year	-	-	-	-	-	(1,231,774)	(1,231,774)
Balance as at 31	5,286,429	18,000,247	258,060	6,213,021	76,457	(19,849,761)	9,984,453

December 2018

Issue of shares	225,982	5,541,549	-	-	-	-	5,767,531
Issue of consideration shares	4,348	-	-	295,652	-	-	300,000
Costs of raising funds	-	(257,916)	-	-	-	-	(257,916)
Share-based payments	-	-	476,305	-	-	-	476,305
Loss and total comprehensive income for the year	-	-	-	-	-	(1,186,419)	(1,186,419)
Balance as at 31 December 2019	5,516,759	23,283,880	734,365	6,508,673	76,457	(21,036,180)	15,083,954

The notes form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2019

	31 December 2019	31 December 2018
	£	£
Cash flows from operating activities		
(Loss) before taxation	(5,357,421)	(3,313,242)
Adjustments for:		
Amortisation - Intangibles	18,859	4,407
Amortisation - Right of use asset	5,337	-
Depreciation	8,330	3,134
Share based payment on reverse acquisition	-	1,411,478
Equity settled share-based payments	476,305	282,007
Doubtful debts expenses	325,200	-
Interest received	(8,060)	-
Interest paid	967	729
	(4,530,483)	(1,611,487)
Changes in working capital		
Decrease/(increase) in trade and other receivables	151,646	(602,523)
(Decrease)/increase in trade and other payables	(80,204)	208,715
Cash used in operations	(4,459,041)	(2,005,295)
Taxation received	-	27,623
Net cash used in operations	(4,459,041)	(1,977,672)
Cash flow from investing activities		
Investment in intangible assets	(370)	(46,687)
Cash acquired with subsidiary	6,683	208,817
Investment in property, plant and equipment	(14,272)	(17,524)
Net cash flow (used in)/generated from investing activities	(7,959)	144,606
Cash flow from financing activities		
Proceeds from issue of share capital	5,767,531	4,245,988
Cost of issue	(257,916)	(307,297)
Interest paid	(967)	(729)
Principal paid on finance leases	(7,725)	-
Interest received	8,060	-
Net cash generated from financing activities	5,508,983	3,937,962
Increase in cash and cash equivalents in the year	1,041,983	2,104,896

Cash and cash equivalents at beginning of year	2,106,557	1,661
Cash and cash equivalents at the end of the year	<u>3,148,540</u>	<u>2,106,557</u>

The notes form part of these financial statements.

Company statement of cash flows for the year ended 31 December 2019

	31 December 2019	31 December 2018
	£	£
Cash flows from operating activities		
(Loss) before taxation	(1,186,419)	(1,231,774)
Adjustments for:		
Amortisation - Right of use asset	5,337	-
Expenses financed by shares	-	150,000
Share-based payments	476,305	282,007
Interest received	(8,060)	-
Interest paid	967	-
	<u>(711,870)</u>	<u>(799,767)</u>
Changes in working capital		
Decrease/(increase) in trade and other receivables	36,524	(764,540)
(Decrease)/increase in trade and other payables	(52,187)	22,865
Net cash (used in) operations	<u>(15,663)</u>	<u>(1,541,442)</u>
Cash flow from investing activities		
Change in intercompany	(3,828,244)	-
Investment in subsidiary undertakings	-	(400,000)
Net cash flow used in investing activities	<u>(3,828,244)</u>	<u>(400,000)</u>
Cash flow from financing activities		
Issue of ordinary shares for cash	5,767,531	3,500,000
Costs directly related to issue of shares	(257,916)	(307,297)
Interest paid on lease liabilities	(967)	-
Principal paid on finance leases	(7,725)	-
Interest received	8,060	-
Net cash generated from financing activities	<u>5,808,983</u>	<u>3,192,703</u>
Increase in cash and cash equivalents in the year	953,206	1,251,261
Cash and cash equivalents at beginning of year	2,087,120	835,859
Cash and cash equivalents at the end of the year	<u>3,040,326</u>	<u>2,087,120</u>

The notes form part of these financial statements.

Notes to the financial statements

1 General information

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.

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 and Minimised Media 'Pubguard' made up to 31 December 2019.

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 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.

The financial statements at 31 December 2019 show that the Group generated an operating loss for the year of £5.2 million (2018: £3.3 million) after accounting for acquisition related costs of £0.045 million (2018: £2.1 million); with cash used in operating activities of £4.5 million (2018: £2.0 million) and a net increase in cash and cash equivalents of £1.04 million in the year (2018: increase of £2.1 million). Group balance sheet also showed cash reserves at 31 December 2019 of £3.1 million (2018: £2.1 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.

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 the current macro-economic conditions, and are satisfied that such revised operating strategies could be adopted, if and when necessary. Specific attention needs to be drawn to the comments made in respect of the impact the COVID-19 pandemic on Going Concern and the approaches being taken by the Group to manage and mitigate the additional operational and financial challenges the environment presents.

New standards, interpretations and amendments not yet effective

There are several standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020:

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment - Definition of Material)
- IFRS 3 *Business Combinations* (Amendment - Definition of Business)
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform (IBOR) reform Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)

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

Revenue Recognition

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:

- Sale of advertising space: the value of goods and services is recognised across the period of use.
- Sale of reseller rights: the value of goods and services is recognised upon agreement.
- Sale of development programmes and content creation: the value of goods and services supplied is recognised on delivery of content and accepted by customers.
- Sponsorship income: the value of goods and services is recognised over the time period to which it relates.

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 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 not recognised as receivables until the claims have been submitted and agreed by HMRC.

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 re-assesses 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.

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 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 17. 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.

4 Segmental information

During the year ended 31 December 2019 and the year ended 31 December 2018, the Group operated one business segment, that of the provision of native in-game advertising.

Given that there is only one continuing class of business, operating within the UK, no further segmental information has been provided.

5 Loss for the year

	31 December 2019	31 December 2018
	£	£
<i>The loss for the year has been arrived at after charging:</i>		
Depreciation of property, plant and equipment	8,330	3,134
Amortisation of Right of use assets	5,337	-
Amortisation of intangible assets	18,859	4,407
Equity settled share-based payments	476,305	282,007
Premises costs payments	195,491	82,090
Auditors' remuneration (note 6)	26,750	29,500

6 Auditors' remuneration

	31 December 2019	31 December 2018
	£	£
Fees payable to the Group's auditors in respect of:		
Audit of the financial statements of the Company	15,000	15,000
Audit of the financial statements of the Company's subsidiary	10,000	10,000
Other services in relation to the audit	-	2,750
Other services in relation to taxation	1,750	1,750
	26,750	29,500

7 Employees and directors

Staff costs, including directors, comprise:

	31 December 2019	31 December 2018
	£	£
Wages and salaries	1,480,614	719,246
Redundancy costs	19,506	-
Social security costs	169,593	73,385
Share-based payment expense	303,885	258,060
Other benefits	-	88
	1,973,598	1,050,779

Directors' remuneration is as follows:

	31 December 2019	31 December 2018
	£	£
Salaries and fees	476,943	224,454
Bonus	-	100,000
Pension	1,554	-
Share-based payments	258,760	257,240
Gain on exercise of share options	-	117,190
Other benefits	-	88
Total	737,257	698,972
	2019	2018
Average number of directors	6	4
Average number of employees	20	9

Key management compensation

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

	31 December 2019	31 December 2018
	£	£
Salaries and fees	597,854	416,136
Bonus	-	100,000
Pension	16,364	-
Share-based payments	287,252	257,240
Gain on exercise of options	-	117,190
Other benefits	-	88
Total	901,470	890,654

Highest paid director

	31 December 2019	31 December 2018
	£	£
Salaries and fees	135,000	40,000
Post-retirement benefit	1,188	-
Bonus	-	50,000
Share-based payments	178,905	240,477
Total	315,093	330,447

8 Finance income and finance costs

	31 December 2019	31 December 2018
	£	£
Other interest receivable and similar income	8,060	-
Total finance income	8,060	-

	31 December 2019	31 December 2018
	£	£
Other interest payable	967	729
Total finance costs	967	729

9 Taxation

Reconciliation of effective tax rate

Tax assessed for the year is lower than (2018: lower than) the standard rate corporation tax of 19% (2018: 19%). The differences are explained below:

	31 December 2019	31 December 2018
	£	£
Loss before tax	(5,357,421)	(3,313,242)
Tax using the UK corporation tax rate of 19% (2018: 19%)	(1,017,910)	(629,516)
Unrelieved tax losses and other deductions in the period	-	13,873
Surrender of tax losses for Research and Development tax credit refund	22,045	
Research and development tax credit	(52,611)	(33,109)
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	145,615	369,670
Adjustment for prior period	(77,106)	(5,813)
Deferred tax not recognised	831,826	234,376
Other reconciling items	-	2
Total tax charge	(148,141)	(50,517)

The Group has tax losses of approximately £9,490,506 (2018: loss of £3,738,890) 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 Company has not recognised deferred tax asset due to there being insufficient evidence of short-term recoverability.

10 Loss per share

The loss per share is based upon the loss of £5,209,280 (2018: loss of £3,262,725) and the weighted average number of ordinary shares in issue for the year of 230,957,900 (2018: 77,234,073).

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.

11 Business combination

Summary of acquisition

On 1 August 2019 the parent entity acquired 100% of the issued share capital of Minimised Media Limited (Pubguard), a security systems service company. The acquisition was intended to maintain and utilise the Pubguard platform to enhance its current technical and commercial offering as part of its Software Development Kit. Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

Purchase consideration

£

Ordinary consideration shares issued at fair value (869,565 @ 34.5 pence) 300,000

Acquisition costs of £44,833 have been expensed to the Statement of Comprehensive Income and are within Transaction costs.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Carrying value £	Fair value adjustments £	Fair value £
Cash and cash equivalents	6,683	-	6,683
Trade receivables and other receivables	54,221	-	54,221
Property, plant and equipment	682	-	682
Intangible assets - Brand	-	29,402	29,402
Intangible asset - Software platform	-	88,205	88,205
Trade and other payables	(36,613)	-	(36,613)
Loans and borrowings	(10,580)	-	(10,580)
Net identifiable assets acquired	<u>14,393</u>	<u>117,607</u>	<u>132,000</u>
Fair value of consideration paid			300,000
Goodwill			<u>168,000</u>

The provisional fair values include recognition of intangible assets brand and the software, which will be amortised over a 5 year and 5 months period on a straight-line basis.

Regarding the acquired trade receivables in the transaction of £45,380 the amount estimated to be potentially uncollectible at the acquisition date was £nil. At 31 December 2019, all of this balance has been collected.

Since the acquisition date, Minimised Media Limited has contributed £17,477 to Group revenues and a loss of £117,817 to the Group's comprehensive income. If the acquisition had occurred on 1 January 2019, Group revenue would have increased by £122,286, however, the Group loss would have also increased by £187,797.

The net cash sum expended on acquisition is as follows:

	£
Cash paid on consideration on acquisition	-
Less cash acquired at acquisition	<u>6,683</u>
Net cash movement	<u>(6,683)</u>

12 Intangible assets - Group

	Website costs £	Trademarks £	Software £	Brand £	Goodwill £	Total £
Cost						
At 1 January 2018	1,931	520	-	-	-	2,451
Additions	46,687	-	-	-	-	46,687
At 31 December 2018	<u>48,618</u>	<u>520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,138</u>
Amortisation						
At 1 January 2018	837	52	-	-	-	889
Charge	4,355	52	-	-	-	4,407
At 31 December 2018	<u>5,192</u>	<u>104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,296</u>

Cost

At 1 January 2019	48,618	520	-	-	-	49,138
Additions	-	370	88,205	29,402	168,000	285,977
At 31 December 2019	48,618	890	88,205	29,402	168,000	335,115
Amortisation						
At 1 January 2019	5,192	104	-	-	-	5,296
Charge	9,723	89	6,785	2,262	-	18,859
At 31 December 2019	14,915	193	6,785	2,262	-	24,155
Net book value						
At 31 December 2019	33,703	697	81,420	27,140	168,000	310,960
At 31 December 2018	43,426	416	-	-	-	43,842

13 Property, plant and equipment - Group

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2018	-	4,904	4,904
Additions	4,819	12,705	17,524
At 31 December 2018	4,819	17,609	22,428
Depreciation			
At 1 January 2018	-	3,542	3,542
Charge	161	2,973	3,134
At 31 December 2018	161	6,515	6,676
Cost			
At 1 January 2019	4,819	17,609	22,428
Additions	2,906	11,367	14,273
Business combinations	682	-	682
At 31 December 2019	8,407	28,976	37,383
Depreciation			
At 1 January 2019	161	6,515	6,676
Charge	1,056	7,274	8,330
At 31 December 2019	1,217	13,789	15,006
Net book value			
At 31 December 2019	7,190	15,187	22,377
At 31 December 2018	4,658	11,094	15,752

14 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.

	31 Dec 2019 No.
Number of active leases	3

Lease liability at year end

	<i>31 Dec 2019 £</i>
Non-current	
Lease liability	8,300
	<u>8,300</u>
Current	
Lease liability	16,022
	<u>16,022</u>
Total lease liability	<u><u>24,322</u></u>

Analysis of lease liability

	<i>Lease liability £</i>
At 1 January 2019	-
Additions	32,047
Interest expense	967
Lease payments	<u>(8,692)</u>
At 31 December 2019	<u><u>24,322</u></u>

Analysis of gross value of lease liabilities

Maturity of the lease liabilities is analysed as follows:

	<i>31 Dec 2019 £</i>
Within 1 year	8,300
Later than 1 year and less than 5 years	16,022
After 5 years	-
At 31 December 2019	<u><u>24,322</u></u>

The total cash outflow for leases in 2019 was £17,950, which includes insurance, bank fees, VAT and a lease advance payment to align the quarter with the year.

15 Right of use assets

	Computer equipment
Cost	
At 1 January 2019	-
Additions	32,047
At 31 December 2019	<u>32,047</u>
Amortisation	
At 1 January 2019	-
Charge	5,337
At 31 December 2019	<u>5,337</u>

Net book value
At 31 December 2019

26,710

16 Investments - Company

	Investments in subsidiaries £
<i>Cost</i>	
At 1 January 2019	7,177,841
Additions	300,000
At 31 December 2019	<u>7,477,841</u>
<i>Impairment</i>	
At 1 January 2019	-
Charge	-
At 31 December 2019	<u>-</u>
<i>Net book value</i>	
At 31 December 2019	<u>7,477,841</u>

Principal subsidiary undertakings of the Company

On 1 August 2019, the Company acquired the entire issued share capital of Minimised Media Limited ("Pubguard") for a consideration of £300,000, satisfied by the issue of 869,565 shares.

The subsidiary undertaking of the Company is presented below:

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

The principal activity of the Bidstack Limited is the provision of native in-game advertising. The principal activity of Minimised Media Limited is to provide content security and assurance to cross platform advertisers.

17 Trade and other receivables

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Trade receivables	131,525	380,227	-	-
Prepayments and accrued income	48,916	183,515	17,229	15,745
Other receivables	204,625	221,055	4,621,144	830,909
Corporation tax	148,141	22,894	-	-
	533,207	807,691	4,638,373	846,654

Analysis of trade receivables

Days	<30	31 - 60	61 - 90	> 90	Total Gross	ECL	Total Net
	£	£	£	£	£	£	£
2019	39,556	81,901	199	9,869	131,525	-	131,525
2018	380,277	-	-	-	380,227	-	380,227

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.

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 ECL balance has been determined based on historical data available to management in addition to forward looking information utilising management knowledge. Based on the analyses performed, management expect that all balances will be recovered, thus there is no material impact on the transition to ECL.

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.

18 Cash and cash equivalents

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Cash and cash equivalents	3,148,540	2,106,557	3,040,326	2,087,120

19 Trade and other payables

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Trade payables	163,696	315,238	5,550	71,989
Taxation and social security	73,278	32,778	8,098	3,802
Other payables	7,858	8,793	-	-
Accruals	161,840	82,873	61,326	51,371
	406,672	439,682	74,974	127,162

20 Share capital and reserves

Allotted, called up and fully paid	Ordinary	Share capital
	0.5p shares	
	No.	£
At 1 January 2019	198,807,631	5,286,429
Exercised warrants	4,863,116	24,315
Exercised options	333,334	1,667
Issue of consideration shares	869,565	4,348
Issue of placing shares	40,000,000	200,000
As at 31 December 2019	244,873,646	5,516,759

On 31 August 2019, the Company announced that it had agreed to acquire the entire issued share capital of Minimised Media Limited. The consideration for the acquisition was £300,000 comprising the issue on 1 August 2019, of 869,565 shares at £0.345 per share. The Company also raised £5 million by a placing of 40 million shares at £0.125 per share.

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.

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

21 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.

	2019	Weighted Average Exercise Price	2018	Weighted Average Exercise Price
	Number	£	Number	£
Outstanding at the beginning of the year	30,132,837	0.122	2,295,390	0.095
Granted during the year	8,750,000	0.09	30,132,837	0.122
Forfeited/waived during the year	-	-	(1,662,000)	0.087
Exercised during the year	(333,334)	0.06	(633,390)	0.115
Total outstanding	38,549,503	0.09	30,132,837	0.122
Total exercisable	27,299,500	0.13	22,500,000	0.153

On 10 May 2019, M Hayes was granted 700,000 and 300,000 options under the unapproved schemes for 14.43p and 20p respectively. The options vest on the 1st anniversary of their grant date, subject to remaining an employee and expire on the 10th anniversary of the grant date.

On 10 May 2019, the Company granted 1,500,000 and 1,000,000 options under the unapproved scheme. The options are exercisable at 8p (1,500,000) and 12p (1,000,000), vest on the 1st anniversary of their grant date and expire on the 10th anniversary of the grant date.

On 13 May 2019, the Company granted 1,500,000 options under the EMI scheme. The options are exercisable at 12.5p per share, vest on the 3rd anniversary of their grant date subject to remaining an employee and expire on the 10th anniversary of the grant date.

On 2 July 2019, D Wise was granted 700,000 and 300,000 options under the unapproved scheme. The options are exercisable at 31.75p (700,000) and 50.0p (300,000) per share, vest on the 1st anniversary of their grant date subject to remaining an employee and expire on the 10th anniversary of the grant date.

On 2 October 2019, the Company granted 850,000 options under the unapproved scheme. The options are exercisable at 30p (100,000), 32.25p (500,000) and 25.25p (250,000) per share, vest on the 1st anniversary of their grant date and expire on the 10th anniversary of the grant date.

On 20 October 2019, the Company granted 400,000 options under the unapproved scheme. The options are exercisable at 18.5p per share, vest on the 1st anniversary of their grant date and expire on the 10th anniversary of the grant date.

On 30 October 2019, D Stewart and J McIntosh were granted 1,000,000 and 500,000 options under the unapproved and EMI scheme respectively. The options are exercisable at 20p per share, vest on the 3rd anniversary from their grant date, subject to remaining an employee and expire on the 10th anniversary of the grant date.

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

Grant date (all 2019)	10 May	10 May	10 May	10 May	13 May
Share price at grant date	18p	18p	18p	18p	18p
Exercise prices	8p	12p	14.4p	20p	12.5p
Expected volatility	56.35%	56.35%	56.35%	56.35%	55.70%
Contractual life	10 years				

Grant date (all 2019)	2 July	2 July	2 October	20 October	30 October
Share price at grant date	30.75p	30.75p	27p	23.75p	20.5p
Exercise prices	31.75p	50p	30p	18.50p	20p
Expected volatility	55.58%	55.58%	92.83%	93.32%	94.59%
Contractual life	10 years	10 years	10 years	10 years	10 years

The weighted average contractual life of the options is 4 years and 188 days (2018: 4 years and 186 days)

Warrants

	2019		2018	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
		£		£
Outstanding at the beginning of the year	8,751,028	13.7p	7,501,028	15p
Issued during the year	-	-	1,250,000	6p
Exercised during the year	(4,863,116)	15.37p	-	-
Total outstanding and exercisable	3,887,912	9.71p	8,751,028	13.7p

The Company granted no warrants during the year ended 31 December 19.

The charge for the year for warrants and options amounted to £540,488 (2018: £329,540), charged to the statement of comprehensive income.

22 Premises costs commitments

	Group		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Within one year	87,540	152,640	-	-
	87,540	152,640	-	-

23 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:

	31 December 2019 £	31 December 2018 £
Trade receivables	131,525	380,227
Other receivables	116,256	221,055
Cash and cash equivalents	3,148,540	2,106,557
Total financial assets	3,396,321	2,707,839

Financial liabilities

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

	31 December 2019 £	31 December 2018 £
Trade payables	163,696	315,238
Other payables	6,873	8,793
Accruals	161,840	82,873
Total financial liabilities	332,409	406,904

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

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 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 £4,405,090 at 31 December 2019 (2018: £718,774). Although it is repayable on demand, it is unlikely to be repaid until the subsidiary is sufficiently cash generating.

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.

The COVID-19 pandemic resulted in a significant fall in the value of global stock markets during March 2020. The pandemic has created a unique environment, which adds additional challenges for any companies seeking future funding from the capital markets.

24 Related parties

Transactions with subsidiaries

During the year, cash advances of £3,510,001 (2018: £625,000) were made to Bidstack Ltd and incurred net costs of £176,314 that were paid on behalf by the Company (2018: £93,774). 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 £4,405,090 (2018: £718,774).

During the year, cash advances of £66,000 (2018: £Nil) were made to Minimised Media Ltd and incurred net costs of £75,928 that were paid on behalf by the Company (2018: £Nil). 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 £141,928 (2018: £Nil).

Transactions with other related parties

During the year the Group paid £85,399 to Kepstorn Solicitors, of which Donald Stewart is a director and shareholder (2018: £77,370). The invoices were for legal work during the year. All transactions have been conducted at arm's length. At the year end, the balance due to Kepstorn Solicitors was £23,941 (2018: £19,080).

During the year the Company paid £25,000 to CP Limited, of which John McIntosh is a director and shareholder (2018: £9,000). The invoices were for consulting work during the year. All transactions have been conducted at arm's length. At the year end, the balance due to CP Limited was £Nil (2018: £Nil).

During the year the Company paid £Nil to Barletta Media, of which Francesco Petruzzelli is a director and shareholder (2018: £44,687). The invoices were for development work performed on the platform. All transactions have been conducted at arm's length. At the year end, the balance due to Barletta Media was £Nil (2018: £Nil).

During the year the Company paid £Nil to Ugly Panda LLP, of which John Taylor is a partner (2018: £26,471). At the year end, the balance due to Ugly Panda LLP was £Nil (2018: £409).

Lindsay Mair, a former Director who served during the year until his resignation, received £250 (2018: £Nil) from the Company for reimbursement of expenses for the year. As at 31 December 2019, £Nil (2018: £Nil) was owing to Mr Mair.

John McIntosh, Finance Director invoiced £10,076 (2018: £Nil) to the Company for reimbursement of expenses for the year. As at 31 December 2019, £2,278 (2018: £Nil) was owing to Mr McIntosh.

Donald Stewart, Chairman, received £987 (2018: £Nil) from the Company for reimbursement of expenses for his 2018 expenses. As at 31 December 2019, £Nil (2018: £Nil) was owing to Mr Stewart.

Francesco Petruzzelli, Director, claimed £120,788 (2018: £Nil) from the Company for reimbursement of departmental IT and team travel expenses for the year. As at 31 December 2019, £20,537 (2018: £Nil) was owing to Mr Petruzzelli.

James Draper, Director and Chief Executive Officer, claimed £1,837 from the Company for reimbursement of expenses for the year (2018: £6,284). As at 31 December 2019, £Nil (2018: £Nil) was owing to Mr Draper.

David Payne, a former Director of the Company's subsidiary Bidstack Ltd, made a gain of £29,954 on options he exercised on 28 August 2018. The options exercised were issued in June 2016 and had an exercise price of 8.256p. As at 31 December 2019, £7,917 (2018: £7,917) was owing to Mr Payne.

25 Post balance sheet events

COVID-19

The outbreak of COVID-19 creates a new and highly unpredictable challenge. We have tested our business continuity plans which have been successfully activated.

The investment in technology over recent years has resulted in the business being well placed to continue delivering services to our clients without disruption and with no increase in operational risk.

Management do not consider it possible to quantify the true impact of COVID-19 on the business at this time but remain confident that the business can adjust to the challenges it presents.

26 Transition to IFRS 16

In the current year, the Group, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016). IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets.

The date of initial application of IFRS 16 for the Group is 1 January 2019. The Group has applied IFRS 16 using the prospective approach since the leases that the Group entered commenced within the year ended 31 December 2019.

The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

Operating lease commitments 31 December 18	152,640
Reclassified as Premises costs following assessment under IFRS 16	(152,640)
Operating lease commitments 1 January 19	-

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