



# ANNUAL REPORT & ACCOUNTS

## 2020



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## CEO's Letter

# Follow Our Journey

**Bidstack is creating technologies to generate and globally scale brand advertising revenue, for the Interactive Entertainment industries – initially, within video games, termed 'in-game advertising'**

In 2020, our suite of advertising technology products empowered game developers to monetise in-game assets such as pitch-side banners, trackside billboards, clothing and cityscape hoardings with brand media spend from across the world.

The addition of Ubisoft to our client roster in 2020, alongside Codemasters (an EA company) and Sega Europe's Sports Interactive, has given us the breadth of game genres, audiences and platforms to refine our proposition.

In the following pages, we are excited to showcase the work we have concluded to date, as well as our vision for how Interactive Entertainment can attract brand advertising spend, whilst maintaining the virtual world's immersion.

We are not just building a company, but a new sector within the advertising industry, initially titled 'in-game advertising'. Brand spend targeted towards gamers back in the summer of 2017 was not an area that agencies were focused on, when we first announced our partnership with Sega Europe's Sports Interactive.

### Catalysts

We are now seeing a lasting seismic change, as all the major agency holding groups have begun the process of building out gaming-focused divisions and even some advertisers are in-housing specialists. This highlights the dedicated client spend that is being funnelled into this new advertising channel.

2020 will be looked back on as a breakthrough year for this emerging industry.

Two factors contributed to this:

- The disruption to the advertising landscape derived from the global pandemic and social distancing which was a catalyst for change in agreed media plans.
- The explosion of daily consumption of video game content.

National lockdowns triggered sufficient disruption to the advertising industry at large, in particular to out-of-home, sport sponsorship and in-venue advertising. As gaming consumption surged, brands chased the eyeballs into the virtual world.

## Establishing A New Standard

Nevertheless, in today's digital age, every new advertising medium needs to establish and define the standards for third-party verification to enable brands to deploy spend. What is a billable advertising impression? How is viewability calculated? Is there evidence of brand recognition uplift? Can advertisers add in tracking pixels to their creative, independently verifying the number of 'billable' advertising impressions served?

Our work alongside the IAB, Moat and research organisations such as Lumen Research, has reassured the advertising industry that in-game is a medium they can plan around and report transparently back to their clients. We have seen a number of studies and verifications in 2020 that have solidified our industry, but more work needs to be done.



As a business, we are very proud of the work we've achieved with our friends over at Football Manager, the industry's proof of concept. Bidstack's multi-year exclusive deal with Football Manager saw advertisers from over 30 markets run campaigns within the game in 2020, with our technology providing the end-to-end serving and reporting, generating a sustainable incremental revenue stream for Sports Interactive.

From an industry awareness point of view, in-game advertising broke into the mainstream when Bidstack worked alongside the U.K. Government to promote the 'Stay Home, Save Lives' campaign, receiving worldwide press coverage.

## Future

This technology is scalable across all platforms, devices and game engines — and through the data we've gathered, we are now focusing our energy on bringing more successful products that can continue to serve the Interactive Entertainment markets with global advertising spend over the coming years and beyond.

We watch with interest market trends that will be strategically significant for how our tools will be used over the next decade. Some of these include:

- The progression towards game studio consolidation reflected in the following transactions such as our friends at Codemasters being acquired by EA for \$1.2 billion and Microsoft acquiring ZeniMax for \$7.5 billion.
- A push toward code-less content creation, meaning that anyone can create their own game, or movie...
- Photo-realistic game-engine advancements that have seen a diversification of use-cases of game industry technology, such as the use of the Unreal Engine in Star Wars' Mandalorian TV series.
- Ubisoft's Hyper Scape has a Twitch-plugin technology that enables gamers to interact with and influence a streamers game. Stitching together the entertainer and fan/streamer and enabling them both to play and collaborate together, isn't possible in any other entertainment form.
- The evolution of cloud-gaming infrastructure — there are a number of interesting patents being filed currently that will bring gaming worlds to life in a way that local under-the-TV hardware could never achieve on its own.

Given these trends, we see a future where democratised content creation enabled by open-source platforms will ultimately cause the demise of cinema and TV as we know it — and competitive gaming will take ever-increasing portions of budgets from established entertainment and sports at an ever-increasing rate. When you add into that the possibilities of meshing together the fan with their hero, the commercial possibilities, from a brand-activation standpoint, will become increasingly lucrative and technology-reliant.

For now, we look back on 2020 with a sense of satisfaction — the industry is beginning to commercialise, the team we have put in place is empowered and obsessed with helping our customers monetise, and the trends in the gaming market are moving further towards our proposition.

Thank you to our supportive investors and partners.

James.



## Executive Summary

# 2020 Financial Highlights

Our revenue trajectory for 2020 improved quarter-on-quarter as we exceeded market expectations. It was our first year of commercialisation reflected in the establishment of the sales network in core markets and reinforcing our presence in the US.

**£1.7M**

Revenue

2019: £140k

**- £6.9M**

Operating Loss

2019: - £5.3m

**£2.3M**

Cash

2019: £3.1M

**69**

Headcount

2019: 49



## 2020 Business Highlights

# Advertisers

### Overview

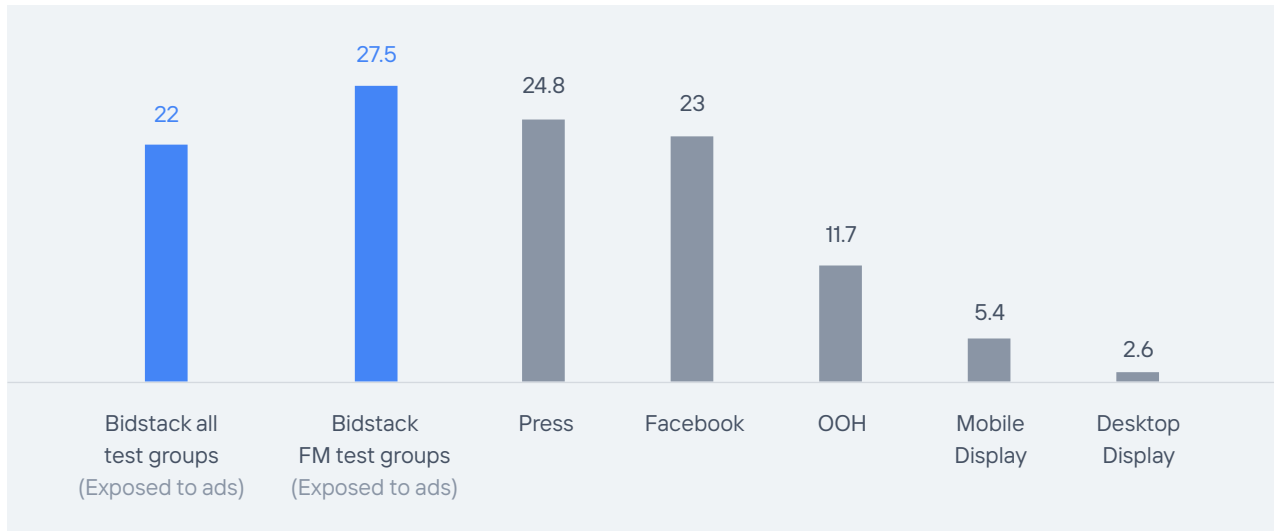
- Bidstack ran over 40 in-game advertising campaigns in 2020.
- We ran Brand Uplift studies on 10 of those campaigns to show clear ROI.
- Our ads were viewed on average 2.4x times more often than display ads.
- Our ads grabbed 20% more attention than Facebook ads, with 27.5 minutes/thousand impressions versus 23 for Facebook ads.
- Our ads increased spontaneous recall by 2.3x compared to standard display ads.
- Find a full list of brand uplift studies on page 42. Brands include Coca-Cola, McDonald's, Volkswagen, TalkTalk, MG, Santander UK, Acer, Jimmy Dean and Paco Rabanne.

### Commercial Highlights

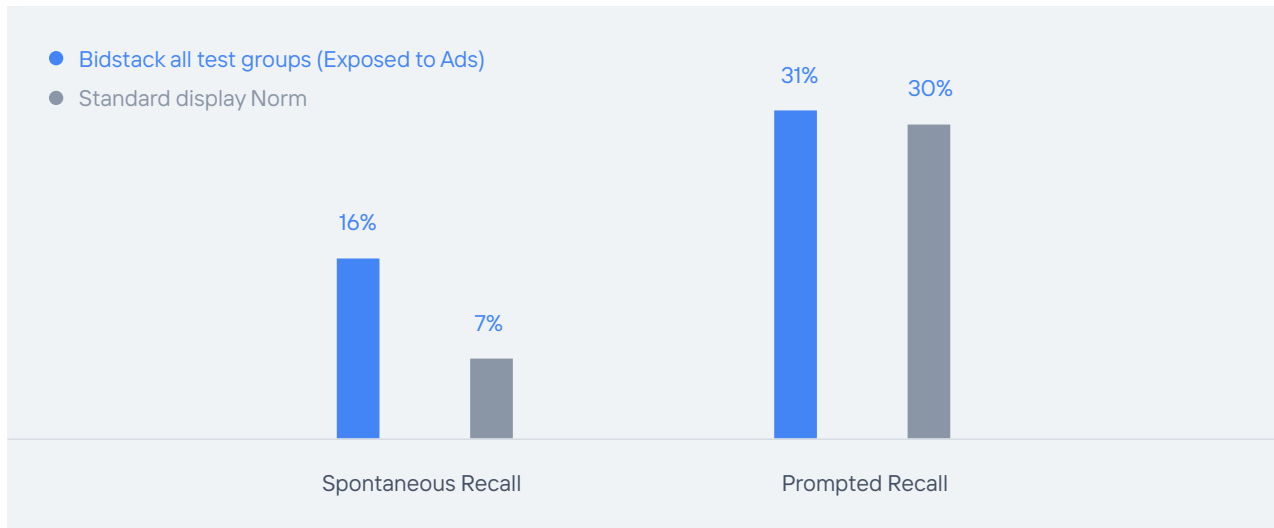
- We have also established commercial agreements covering 30+ markets, signing 25 new partners to our Approved Partner Network.
- We have now signed 5 agreements with the largest advertising agency holding groups.
- Over 10 brands ran their campaigns directly with us, across five key verticals: luxury, CPG, financial services, automotive and retail.
- Teamed up with Moat by Oracle to verify Bidstack's ads are free from invalid, malicious or fraudulent activity.
- We have agreed to partnerships with media measurement firms Nielsen and ComScore.
- Helped define a new ad category with the IAB.
- Became the first multi-platform in-game advertising company to gain IAB UK "Gold Standard 1.1" certification.

Find a longer list of our 2020 commercial highlights on page 42.

Attention Per '000 Impressions (Mins)



Brand Recall



Percent viewed



## 2020 Business Highlights

# Publishers & Platforms

### More games and esports teams and franchises added

- Signed 5 games across 3 AAA game studios: Sega / Sports Interactive, Codemasters – an EA company, Ubisoft.
- Overall, we are now working with over 20 games.
- 6 new esports team collaborations and 2 franchises signed.
- A further 6 AAA games covered by broader partnership agreements signed.
- Signed VR game studio (Rezzil).
- We have defined and built viewability SDK based reporting with publishers across 3 game genres (Racing, Open World, Stadium).
- We have signed and delivered an esports team campaign and partnership.
- We have signed an exclusive 3rd party integrated development partnership with a leading game.

Find a longer list of our 2020 publishers developments on page 46.







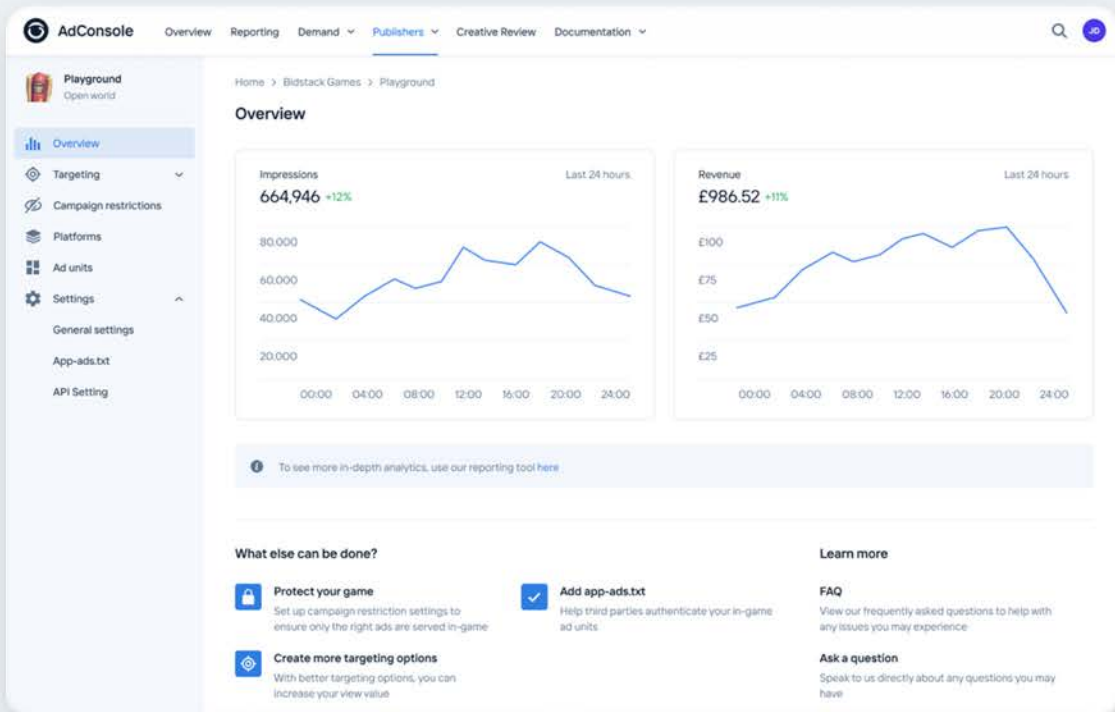
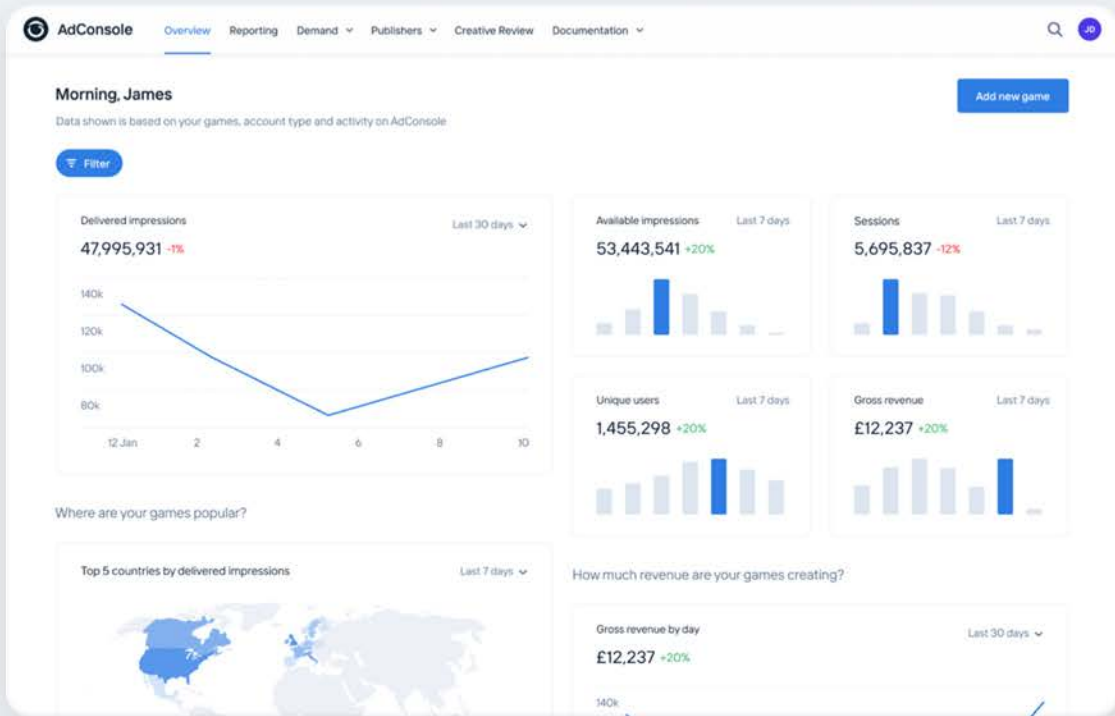
## 2020 Business Highlights

# Product Development

We have built, defined and created an entirely new ad category. Below is a summary of what we have built:

- Support for 6 SDKs (Unity, Unreal, C++, Linux, iOS and Android).
- Proprietary technology:
  - Ad server for in-game ad inventory.
  - Self-serve supply-side platform for publishers.
  - Demand-side UI for campaign activation.
  - Programmatic supply-side infrastructure.
- New ad approval features.
- New programmatic Deal ID set-up features.
- Server-side ad delivery mechanisms to support security for game publishers.
- Rebuilt Pubguard onto AdConsole infrastructure for publishers.
- Ad viewability into our SDK for real-time reporting.
- Moat by Oracle verification into our product offering.
- We have also integrated our supply-side platform to 5 demand-side platforms.

How we got to this point and what's next follows in this document. Our next phase is to scale what we have already done and accelerate execution.



## 2021-2022 Objectives

# Advertisers

The gaming channel is becoming mainstream for advertisers as the addressable audience continues to grow. The pandemic has fast-forwarded this trend as the gaming market has exceeded initial market forecasts.

We believe the growth of the sector is very much in front of us as we are favourably positioned in the value chain. Our technology will activate a mainstream media channel.

We will continue to build the technology to unlock the potential of gaming for advertisers and will focus our investment in the following three key areas:

- Raising awareness with global agency holding groups and advertisers.
- Showing ROI evidence with ad measurement.
- Increasing ease of purchase and scaling with premium inventory.



We believe that focusing on these priorities will enable us to achieve the following outcomes:

- Grow revenue across all areas of demand (agencies, brands, Approved Partner Network).
- Sign further trading deals, covering all agency holding groups.
- Diversify our commercial capabilities across other product lines.
- Establish an open market revenue model with partners.
- Establish a certified in-game advertising viewability standard within the industry.

## 2021-2022 Objectives

# Publishers

**We know that the next hit can come from anywhere** as observed by independent developers such as Innersloth's breakout hit Among Us and the phenomenal success of PUBG.

It is, therefore, important for Bidstack to complement its AAA and high-fidelity go-to-market strategy with scale from the long tail of game developers.

We believe our best in-class technology supported by control and safety features enable our partners to generate an incremental revenue stream while mitigating risks around compliance and gameplay disruption.

We will continue to leverage the tailwinds propelling our industry forward, including rising adoption due to the global pandemic, the launch of new generation of consoles and growth of cloud gaming through new services such as Amazon Luna, Google Stadia and Microsoft X-Cloud. The step-up in investment will be concentrated in the following areas:

- Grow our AAA and high-fidelity game portfolio and mobile publisher base.
- Diversify our product offering to publishers.
- Roll out our Pubguard security product.
- Enhance our self-sign-up SDK roll out.







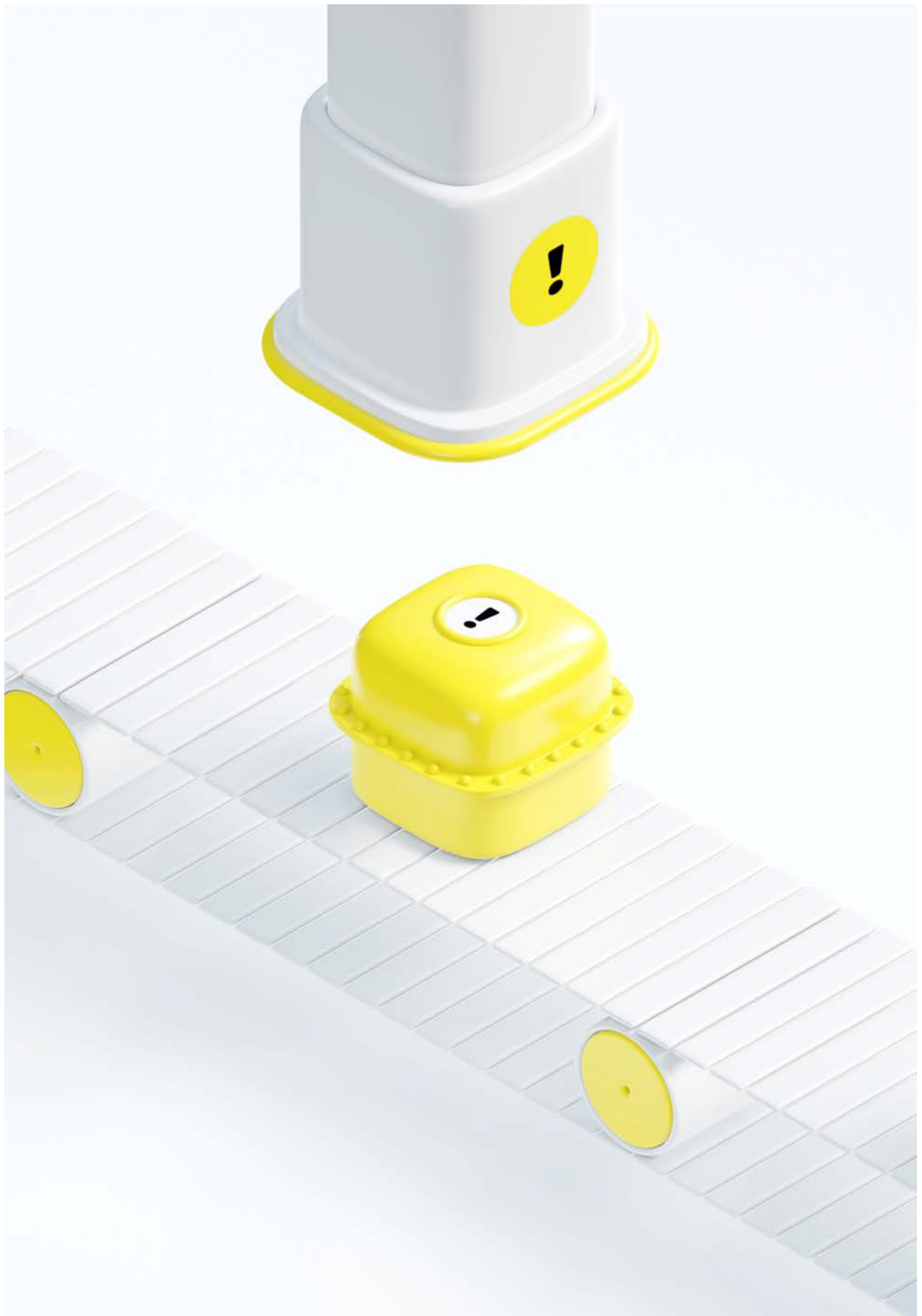
## 2021-2022 Objectives

# Product Development

Throughout 2020, our focus was on execution and that will accelerate in 2021-2022. We are committed to ensuring our performance this year builds on what we achieved in 2020, but also supports our long-term plans.

In 2021-2022 we will focus on:

- Building an open exchange industry standard and infrastructure.
- Continuing to build our proprietary self-serve technology features.
- Strengthening our safety features with Pubguard.



## Build

# Our Journey So Far: Trailblazing Since Our Foundation

**Bidstack was founded in 2015** by James Draper and Francesco Petruzzelli.

Bidstack was a programmatic digital out-of-home platform. The technology enabled brands to advertise on digital billboards selling remnant space to reach consumers on the move.

The original vision was to democratise out-of-home advertising, making it easier for smaller companies to buy digital billboard space when they needed it.

It meant that localised and reactive campaigns could be delivered instantly and at a fraction of the normal cost so that local businesses could offer discount rates on food items at the end of the day or so that bars could create custom discounts for passing customers.

However, in 2017 Bidstack's business evolved. After a series of meetings with Sega Europe, Bidstack discovered a gap in the market to monetise the billboards that sit within video games.



Football Manager, a household title published by Sega Europe and developed by Sports Interactive, needed a technology-based solution to help them deliver targeted ads to users in-game, and we realised we could adapt our technology to facilitate this in the virtual world.

Initially this was considered a natural extension of Bidstack's digital billboards offer, but the amount of anonymised first-party data available soon made it clear that this brand awareness advertising channel could be targeted far more efficiently than out-of-home advertising.

Football Manager became our first partner and proof of concept. We built the software development kit (SDK) that would enable the delivery of ads around the stadium banners within Football Manager.

Applying our technology, native in-game advertising could enhance Football Manager's gameplay realism by displaying

relevant brands while optimising monetisation for Sega Europe.

We then researched this space extensively and it quickly became clear that there was a significant gap in the market where Bidstack's technology could be applied to unite brands and gamers by:

- Enabling advertisers to reach the lucrative gaming audience which represents a third of the world's population.
- Offering a profitable monetisation strategy for game developers.

Our findings were key catalysts for Bidstack's pivot into in-game advertising as pioneers of the next generation of the technology.

# The Pivot To In-Game Advertising

In the early 2000s the first generation of in-game advertising was shaped by **Massive Inc.** (acquired by Microsoft), **IGA Worldwide** and **Double Fusion**.

The concept gained global recognition and flourished with some leading game developers, but the market conditions were not right for mainstream adoption across both gaming and advertising sectors.

Today, the in-game advertising industry benefits from a number of positive developments that will continue to provide the right conditions for it to thrive:

- **Connectivity.** Users are now playing Console, PC and mobile game largely connected to the internet allowing for real-time targeted ads to be served to gamers seamlessly.
- **Programmatic trading is now mature and mainstream.** Technological advancements in this space now allow buyers and sellers to transact gaming ads at scale in any region.
- **The gaming audience has significantly increased.** Advertisers are becoming aware that marketing dollars need to follow the audience's attention and time spent. This has always happened if you look back at TV, website display and video, digital audio and social media. Advertising investment follows media consumption.
- **Smartphone power and user adoption.** Smartphones have allowed users to play higher quality games and the adoption rate is far higher now across the globe. The combination of 5G and cloud gaming will only increase this.

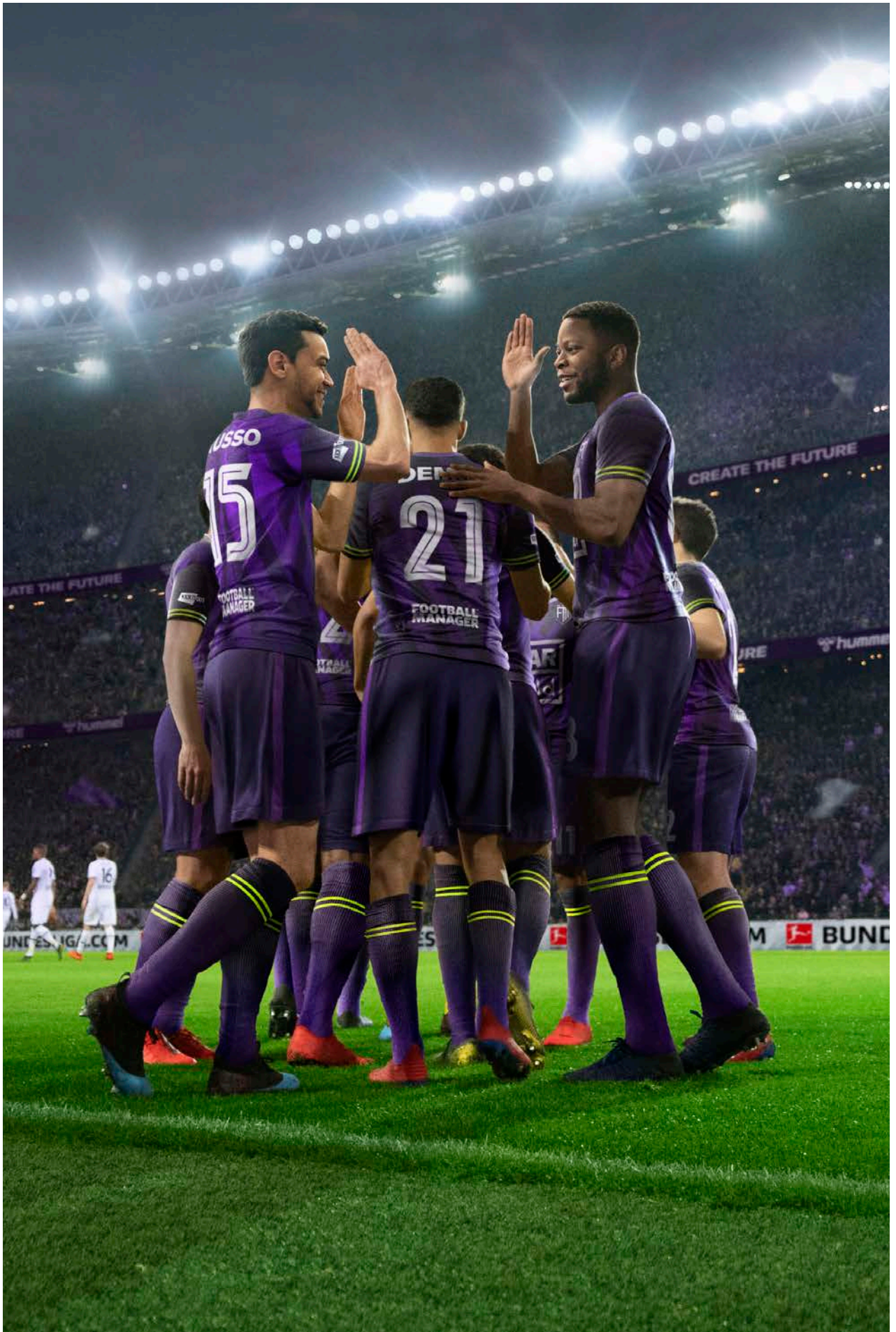
Since 2017, Bidstack's investment in technology has been centred on the success of the game developer and maintaining the highest level of creative integrity, which protects the gaming experience.

Bidstack's mission is reflected in the relentless pursuit of quality and alignment with the studio head. The results of case studies on engagement levels and brand awareness from campaigns delivered exemplifies this commitment.

Football Manager is now running into its fifth year, as stadium has proven to be an excellent genre to deliver in-game advertising. Our strategy has evolved to build out other verticals where advertising enhances realism such as racing through Codemasters' portfolio and open world titles such as Ubisoft's Hyper Scape.

Our commitment to this high standard is reflected in the investment in R&D and value provided to advertisers and publishers.







# Creating A New Category And Shaping The Industry

**Working with industry partners** such as the Interactive Advertising Bureau (IAB), Moat by Oracle, Comscore and Nielsen.

We have now seen the green shoots of 18 months of work come to fruition with the genesis of a new ad category, culminating in the IAB releasing a whitepaper earlier this year defining gaming as a new ad category.

Bidstack was very much part of that process and a key voice at dozens of industry events, leading up to this point. We now move into our next phase with the IAB and game developers to fully automate and define the buying and measurement standards across the industry that will allow us to accelerate growth.

We have built scalable technologies that will realise the potential of gaming as the most immersive and effective media channel in the world, enabling our customers to reach the 2.7 billion gamers worldwide – representing a third of the world's population.

Being pioneers and creating something new for the world is challenging, but the journey we've taken has given birth to a healthy mix of emerging competition, rising demand from advertisers, and mature exploration from publishers and establishment of industry standards – a legacy Bidstack is proud to have created.

Throughout this journey, while we have helped shape the industry, it has also helped us shape our brand identity and corporate DNA.

The logo for iab. features the lowercase letters 'iab.' in a bold, black, sans-serif font. A red dot is positioned above the 'i', and another red dot is at the end of the period.The logo for MOAT consists of the uppercase letters 'MOAT' in a large, black, sans-serif font.The logo for comscore features a graphic on the left composed of three overlapping squares: an orange one on top, a red one in the middle, and a light blue one on the bottom. To the right of this graphic, the word 'comscore' is written in a lowercase, black, sans-serif font.The logo for nielsen features the word 'nielsen' in a lowercase, serif font. The 'n' is colored blue, while the remaining letters are grey. Below the text is a horizontal line of seven grey dots.

# Building Our Identity

We believe our vision, mission, core values and brand identity clearly establish Bidstack's strategic direction, by delivering a consistent, confident and focused message to our shareholders, staff and the wider industry.

## Vision

To be the leading global monetisation and advertising platform for interactive entertainment.

## Mission

To build the technology that will help game developers monetise their titles and enable advertisers to promote their brands to the gaming audience.

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## Core Values

### Relentless

We are optimists. We are constantly learning, adapting and improving our output.

### Useful

We listen to our customers and build solutions to their problems.

### Inspiring

We are creators shaping the future. We are proud of our journey and committed to the continued pursuit of innovation.

### Authentic

We are true to ourselves and strive for clarity of vision. We are committed to transparency and we are always open and honest.

### Focused

We are intensely focused on execution and committed to delivering things on time, on budget and to the highest standards.



## Brand identity

In 2020, we took stock of our brand identity and positioning. This required thoughtful examination of our journey so far, the audiences we serve and where we want to be in the future.

We believe this new brand strategy will help us stand out with clarity, consistency and confidence, which will strengthen our competitive advantage to continue establishing Bidstack as the most trusted and effective player in the market.

# Leadership & Team Culture

During our six-year history, our co-founders **James and Francesco have built a resilient, innovative and creative culture** that has enabled us to deliver great progress to date.

Since 2018, the steady addition of key members to our leadership team has enabled our co-founders to accelerate growth and execute ambitious objectives, both in our technology and our commercial framework.

We ended 2020 with 69 staff across the UK, Latvia, Ukraine and the U.S. and will continue to grow our team in 2021.

Our leadership team will ensure that our core values and culture are reinforced with each new hire and that we remain focused on delivering on our objectives. Our high standards for recruitment and retention is reflected in the diversity, inclusion and expertise of our talent.

<b>James Draper</b> Chief Executive Officer & Co-Founder	October 2015
<b>Francesco Petruzzelli</b> Chief Technology Officer & Co-Founder	October 2015
<b>Jev Fokins</b> Tech Lead	May 2018
<b>Kirill Morozov</b> Tech Lead	May 2018
<b>Will Stewart</b> Creative Director	June 2018
<b>John McIntosh</b> Chief Financial Officer	August 2018
<b>Grace Cooke</b> Head of Customer Success	September 2018
<b>Moritz Natalini</b> Head of Products	February 2019
<b>Lewis Sherlock</b> Chief Revenue Officer	May 2019
<b>Andy Curran</b> Head of Talent	August 2019
<b>John Koronaivos</b> VP of Publisher Relations	August 2019
<b>Lisa Hau</b> Chief Operating Officer	May 2020
<b>Fernando Faria</b> Chief Marketing Officer	November 2020
<b>Dave Garvey</b> Director of Legal Affairs	December 2020
<b>Steven Norris</b> Director of Publisher Partnerships	December 2020
<b>Charlie Chough</b> Senior Director of Publisher Partnerships	January 2021



# Corporate Social Responsibility

Bidstack's core values are also reflected in our commitment to making a positive contribution to society and our community.



Over the last year we have delivered our CSR strategy both in-game and through an activation with Norwich City FC.



## An Illustration Of Our Commitment To Society

Throughout 2020, Bidstack has partnered with the UK government, Public Health England and other respected charities to deliver in-game campaigns that have amplified crucial health messages to gamers. These ads were delivered across our portfolio of AAA titles, including Sega Europe's Football Manager and a number of Codemasters' titles.

In-game advertising has proven to be a particularly effective channel to raise awareness during the pandemic and we are proud that many of the campaigns we have worked on with our partners have received widespread media coverage and have been praised by the gaming community too.

Here, we share a brief overview of some of the important in-game campaigns we have delivered over the last year:

In April 2020 during the first national lockdown, Bidstack's technology was utilised to support the UK government and the Department for Digital, Culture, Media and Sports' (DCMS) communication strategy during the pandemic. The 'Stay Home, Save Lives' message was delivered in Codemasters' Dirt Rally 2.0 and the high impact activation was shortlisted for the Global 2020 Best Digital Campaign by Exchange Wire.

Football Manager 2020 offered up free in-game advertising enabled by Bidstack for a number of mental health charities during the first lockdown including the Campaign Against Living Miserably (CALM), Mind, Samaritans, and Mental Health UK. The popular football title broke records for the number of concurrent players during this period which emphasises the mainstream reach and engagement levels of gaming as an advertising channel.

Football Manager 2021 and Bidstack supported the Football v Homophobia campaign throughout the month of February 2021. Pitch-side advertising was utilised to deliver the message around inclusion for LGBTI football spectators or players. The reach from this title is significant as the copies sold have exceeded a million.

Recently, Codemasters and Bidstack partnered with the U.K. government and Public Health England again to drive awareness messages across Dirt 5, Dirt Rally 2.0 and GRID. This campaign reiterates the 'Stay Home, Protect the NHS, Save Lives' guidelines and The Better Health 'Every Mind Matters' mental health campaign.



# Creating Opportunities In Our Community



Bidstack's HQ is based at Plexal on the Here East campus in London. The area has been revitalised by Olympic legacy funding and has evolved into a technology hub. The innovative co-working space attracts entrepreneurs, start-ups and scale-ups alike. The Here East campus will be further enhanced by Plexal's commitment to build the first world-class esports cluster in the UK.

Bidstack has been a growing enterprise within the complex and is well established in the ecosystem where we are close to our partners Sports Interactive and Badu Sports.

# “In August 2020, Bidstack was announced as an official sponsor of Norwich City Football Club”

## Our Partnership with Norwich City FC and BADU Sports

As the business grows, it is important to build a sustainable CSR policy that represents our ethos. We believe in deep, enriching relationships where everyone wins. Our collaboration with BADU Sports and Norwich City Football Club was a big step in this journey.

In August 2020, Bidstack was announced as an official sponsor of Norwich City Football Club for the 2020/21 Championship season. We built this partnership as a nod to our own past having raised our profile with a shirt sponsorship of Norwich City FC in 2016 in the early phases of the business. For the 2020/21 season we donated the back-of-shirt kit sponsorship to BADU Sports and opened the door for BADU to work in partnership with Norwich to create opportunities for the community they serve.

BADU Sports are based at Plexal and work tirelessly to serve the local community to inspire, educate and support young people using sport as the glue to create inclusive and inspiring initiatives.

The collaboration with Norwich City has allowed BADU's young people to visit Carrow Road and utilise the club's world-class 'Nest' facility to learn from expert coaches.

Norwich City FC has also worked with BADU Sports students to explore careers in football and partnered with them to build strategies designed to attract new, young fans.

Nana Badu, BADU Sports founder and CEO said, “We are absolutely overjoyed to be working with Bidstack and Norwich City football club. It will mean great things for BADU Sports and the community. We have always strived for the very best access and knowledge to develop and empower, and this alliance will help realise this for our young people and their families whom we serve. This sends such a strong message about our joint partnership and commitment to bridging the gap of inequality of access and knowledge. The world has experienced challenging times and I am proud that together we have created a roadmap for change.”

James Draper, Bidstack founder and CEO said, “Seeing the work BADU Sports and the Community Sports Foundation



have put into furthering the opportunities and lives of local underrepresented people in East London and Norfolk respectively, and given our relationship with Norwich City Football Club – it feels incredible for our team and supporters of Bidstack to bring two organisations together, with this partnership.

“We work tirelessly to ensure that our company's existence benefits those who we come into contact with, and this activation sits well with our values – and enables us to say ‘thank you’ to the two communities and the one club who transformed our company. Thank you to our friends at Norwich City and to Nana and his team, I'm hoping this will be a transformational partnership for many young lives.”

Ben Tunnell, Norwich City Football Club's Head of Commercial Development, said, “We are absolutely delighted to welcome back Bidstack to the Club's partnership portfolio and first-team shirt. It has been to the joy of everyone at Carrow Road seeing the growth of Bidstack since our first partnership in 2016, knowing how important our partnership was for Bidstack in becoming the world's leading in-game advertising agency.”

“Bidstack gifting the bulk of the Partnership rights to BADU Sports, and presenting Norwich City the opportunity to be a part of their story is remarkable. We cannot wait to get started with Nana Badu and his team and look forward to creating some unforgettable experiences and memories.”

Grow

# 2020: Taking Stock After A Milestone Year

2020 was a milestone year for Bidstack and the wider industry. We look back at the highlights and what they mean for the next few years.

- Industry Overview: Tailwinds Propelling Us Forward.
- A Growing Addressable Market.
- Strength of Our Fundamentals: Achievement Unlocked in 2020.
- Building on Our Strengths.





# Industry Overview

## Tailwinds Propelling Us Forward

Achieving £1.7m in revenue for 2020 (2019: £140,319) was an important milestone on our journey, but our success didn't come in isolation.

We believe the combination of an ever-growing gaming user base, more Free-to-Play games being launched, new players entering the market with cloud gaming and the expansion of 5G networks worldwide will continue to multiply our total addressable market.

The pandemic was an unexpected catalyst for our business as it opened up agencies and advertisers to step up their knowledge in gaming. This shift became clear in the autumn, when we noticed previously reluctant advertisers now actively including gaming on their media plans to access this growing and lucrative audience.

But the pandemic was definitely not the only factor. Below we discuss some of the key developments and trends that have enabled our industry and will continue to spur growth.

### The Technology Is Now Available

Game engines and creation platforms such as Unity, Unreal, Roblox and Buildbox have democratised development. In combination with digital distribution platforms such as Steam, App Store and Epic Store, the barriers to entry are lowered and provides an easy path to publishing. The technology is accessible and allows for creation of 3D, 2D, virtual reality and augmented reality games. This will further empower independent game developers to launch titles where monetisation will be a key consideration.

Native in-game advertising is in its infancy in respect to building out a new category and standardisation. Bidstack's technology is well positioned to exploit this incremental opportunity.

### IAB Standards & Taxonomy

The IAB's stewardship has been a key contributor to formalising the in-game advertising format. It has made significant progress in 2020 to become a fully recognised and on-plan advertising category.

As a key contributing member of the IAB in-game advertising working group, we have been working with the IAB to build a taxonomy and define the standards, including:

- Native In-Game Advertising (IGA) (both direct and programmatic).
- Mobile games (reward video, in-app banners).
- Streaming platforms.
- Esports (events & teams).

### Growing Confidence Driven by Safety Standards & Third-Party Verification

Key strides have been made in validating and standardising in-game advertising. We have worked closely with leading media measurement firms such as Moat, Comscore and Nielsen across measurement, brand safety and viewability.

These are key milestones in the evolution and development of in-game ads which differ greatly from traditional ad formats. This is because in-game ads are built into gameplay environments and in many cases cannot be measured by traditional click attribution models.

It enables us to provide additional layers of reporting to showcase the effectiveness of in-game advertising as part of a media plan.

## Data Analytics & Targeting

The value of proprietary data and targeting capabilities that programmatic advertising brings to the publisher is revolutionary. The reporting and analytics that comes with monetising premium inventory through our marketplace ensures that localised budgets are accessed alongside audience buying using rich in-game parameters to optimise CPMs and fill-rates.

The changes we are observing in media consumption are driving interest from agencies and advertisers as they seek to engage a growing and diverse audience. Bidstack is integrated with The Trade Desk and other DSPs to offer targeting, measurement, reporting, forecast and benchmark campaigns at scale.

Our AdConsole is our reporting dashboard that is enriched with tools and features to allow for control, accuracy and transparency for our two key customer groups.

## Mobile and 5G

Mobile represents nearly 50% of the global gaming revenues and is the fastest growing gaming device. Mediation platforms and ad networks such as AdMob (Google), MoPub (Twitter), Ironsource, AppLovin, Fyber etc, have given mobile game developers tools to monetise their titles and grow their DAUs through offering free-to-play models.

The maturity of monetisation through ads by mobile game developers is typically adopted through rewarded video, interstitials and banners. The value proposition of native in-game ads is attractive as it offers a less disruptive gaming experience which enhances user retention.

With over 5.2 billion smartphone users globally, mobile gaming will continue to grow exponentially, a trend that will be reinforced by the roll-out of 5G networks. This bodes well for in-game advertising.

## Free-To-Play and Games-as-a-Service

The emergence of free-to-play and games-as-a-service monetisation models for publishers has continued to grow in adoption levels and success. This marks a shift in revenue generation from title prices to subscription models, advertising, in-game purchases and micro transactions. The transition reflects the favourable industry factors such as cloud gaming, rising penetration of smartphones, demand for more content and competition for reach.

We believe free-to-play games will continue to grow in popularity across mobile, PC and console devices as AAA studios look to diversify their portfolios. The scale of the audience will activate significant brand deals and shift the mix of revenue towards advertising. Call of Duty: Warzone

Fortnite, Genshin Impact, Dota 2, Pokemon Go, Hyper Scape and Apex Legends are examples of popular high-fidelity titles that are free-to-play.

Bidstack's value proposition to publishers is particularly appealing as the gaming industry's monetisation strategies evolve in line with the shifting media landscape and technological advancement.

The immersive nature of in-game ads attracts budgets beyond performance to brand awareness which is complementary to the free-to-play and games-as-a-service models as we preserve the gaming experience.

## Secondary Audience

In 2020, the popularity of live streaming platforms is represented by the 27.89 billion hours of gaming content that was consumed across Twitch, YouTube & Facebook, which is up 79% year-over-year.

Despite the growing engagement levels and audience, esports revenues in 2020 were impacted by the pandemic as the monetisation model relied largely on having fans at physical locations. Esports organisations are in the early stages in leveraging the fan base and commercialising their offer relative to traditional sports.

# A Growing Addressable Market

We believe Bidstack is well positioned in our addressable market, encompassing gaming and esports — both of which are structurally growing.

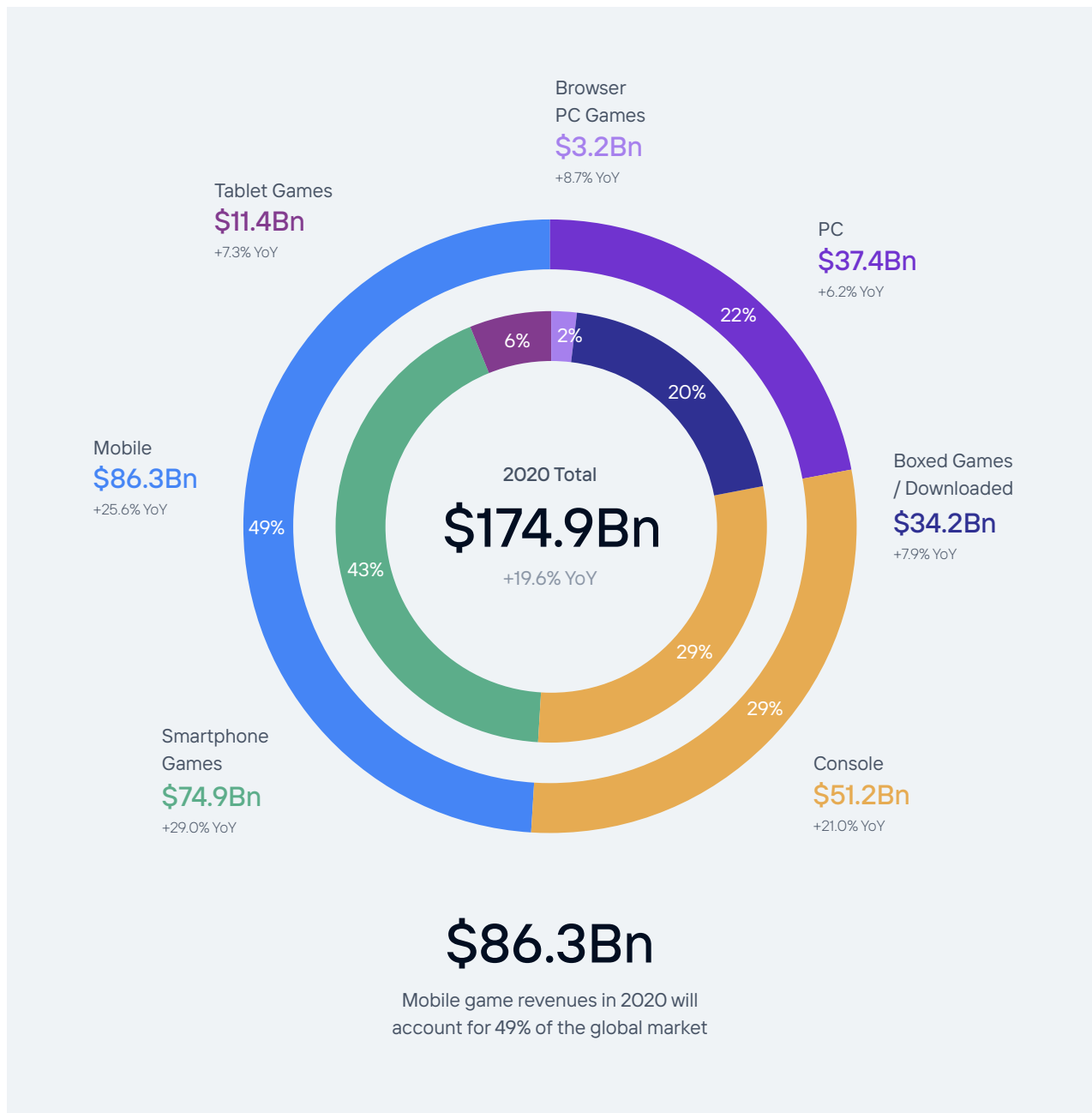
The opportunity is further compounded by the anticipated shift from traditional advertising to gaming. Longer term tailwinds such as rising penetration of smartphones, roll-out of 5G networks and the emergence of cloud gaming reinforces this potential.

Market insights and analytics firm Newzoo estimates the global video gaming market reached U.S. \$175 billion in 2020, a 20% year-over-year (YoY) growth from 2019, and will grow another 25% by 2023, exceeding \$200 billion in revenues.

Advertising as a proportion of the market remains an under-penetrated opportunity as it is mostly made up of mobile monetisation formats such as rewarded video, interstitials and banners.

## 2020 Global Games Market

Per Device & Segment With Year-on-Year Growth Rates



v

There is also untapped potential for advertising to increase its share within the growing gaming revenue mix such as micro-transactions, loot boxes, subscriptions and package sales, as game developers optimise their monetisation strategies.

Mobile represents almost half of global gaming revenues and is growing faster than console and PC. While the popularity of mobile is due to the high penetration of smartphones – a low barrier to entry for new players – console growth in 2020 has been boosted by a popular new generation of gaming system releases.



## Grow

The esports market, which is in its infancy, is forecast to reach U.S. \$1.6 billion by 2023, growing at 11% compound annual growth rate (CAGR) from 2019 to 2024, despite the negative impact that cancelled esports events — due to the global pandemic — had on 2020 revenues.

The esports audience is expected to grow and reach more than 470 million people in 2021, a 20% increase compared to 2019. This is an attractive opportunity to capture secondary viewership, which multiplies the size of the gaming audience.

The mix of esports revenues is predominantly driven by sponsorships, followed by media rights and publisher fees. The growth potential of merchandise, tickets to events,

digital and streaming is relatively underappreciated compared to traditional sports. Bidstack's technology and offer is well positioned to capitalise and enable monetisation for this ecosystem.

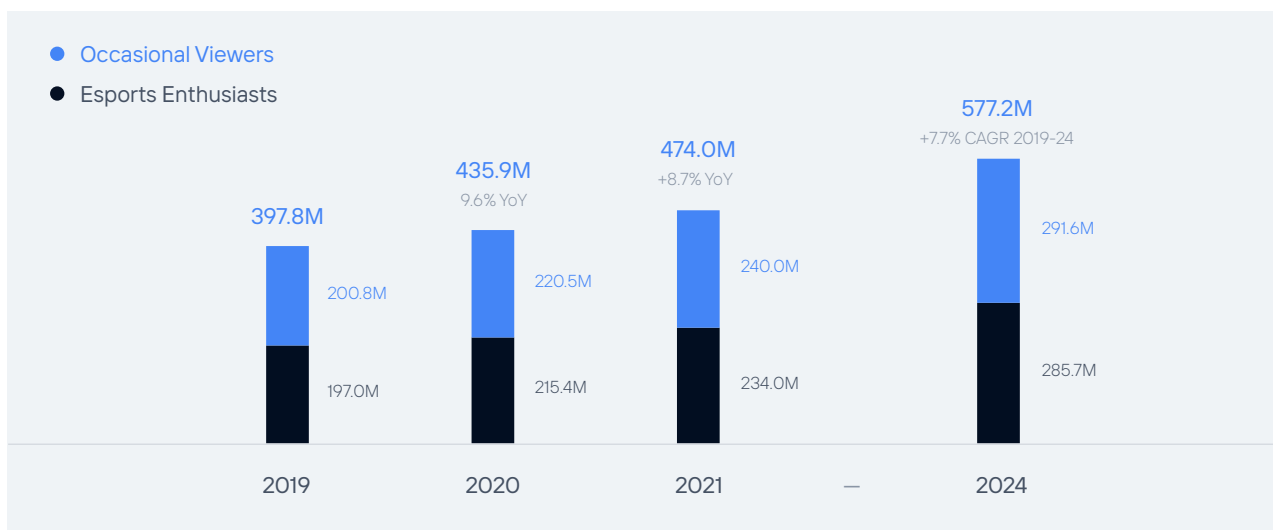
The cloud gaming market was estimated at U.S. \$585 million in 2020, spurred by players such as Amazon, Google, Microsoft, Nvidia and Tencent launching their services. The scalability of this transformative offer, which democratises gaming to any device, is underpinned by the availability and deployment of 5G networks. This emerging trend bodes well for the industry and Bidstack, as it increases consumption, reach and engagement levels of gamers.

### Esports Revenue Growth Global



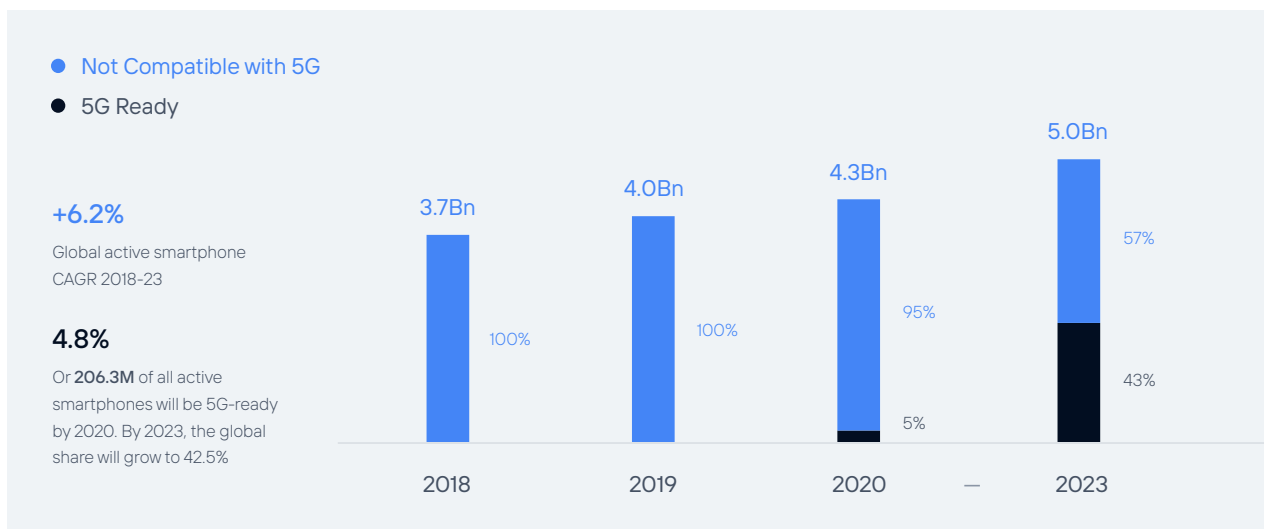
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### Esports Audience Growth Global



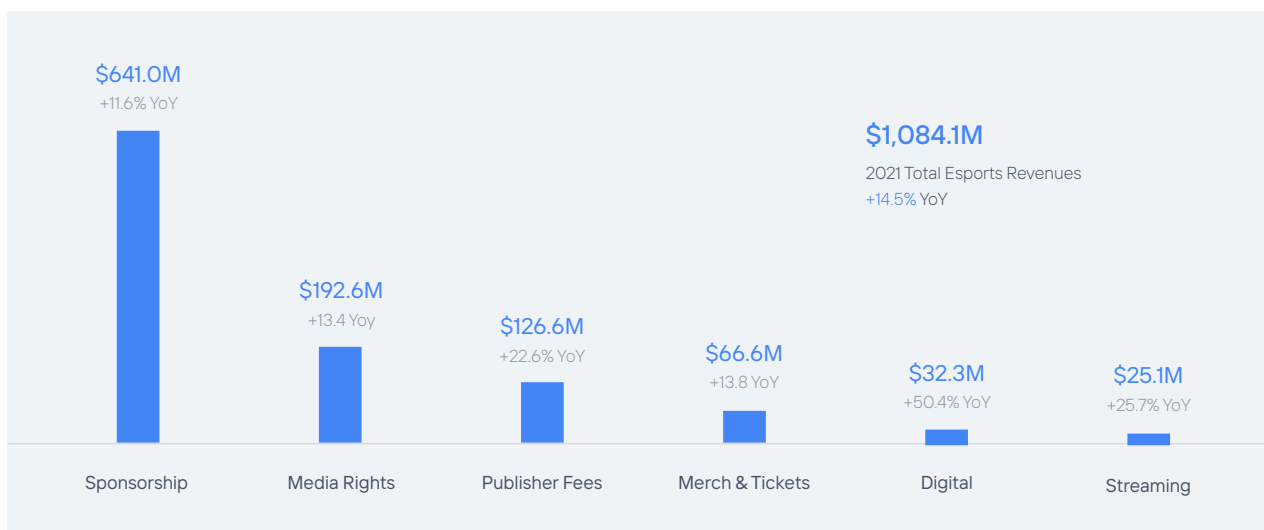
Due to rounding, Esports Enthusiasts and Occasional Viewers do not add up to the total audience in 2024  
 ©Newzoo | 2021 Global Esports and Live Streaming Market Report | [newzoo.com/esports-report](https://newzoo.com/esports-report)

### Global Active Smartphone & 5G-Ready Forecast Forecast Toward 2023



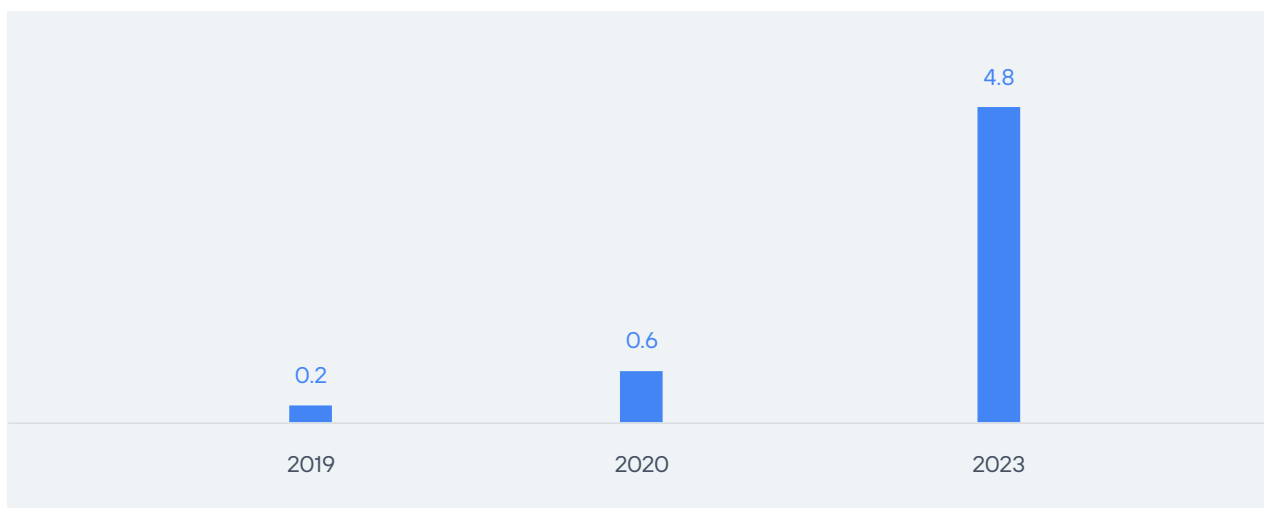
©Newzoo

### 2021 Esports Revenue Streams Global | With Year-on-Year Growth



Newzoo's esports revenue figures always exclude revenues from betting, fantasy leagues, and similar cash-payout concepts, as well as core game revenues.  
©Newzoo | 2021 Global Esports and Live Streaming Market Report | [newzoo.com/esports-report](https://newzoo.com/esports-report)

### Global Cloud Gaming Market Forecast In Billions



# Strength Of Our Fundamentals

## Achievement unlocked in 2020.

Over the past two years, we have established a body of evidence that our customers trust us to provide them with a safe and authentic environment to monetise their brands and intellectual property.

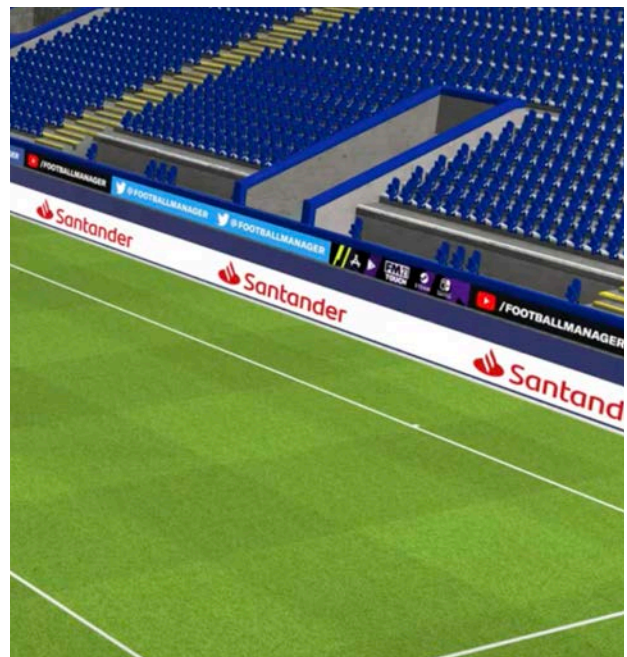
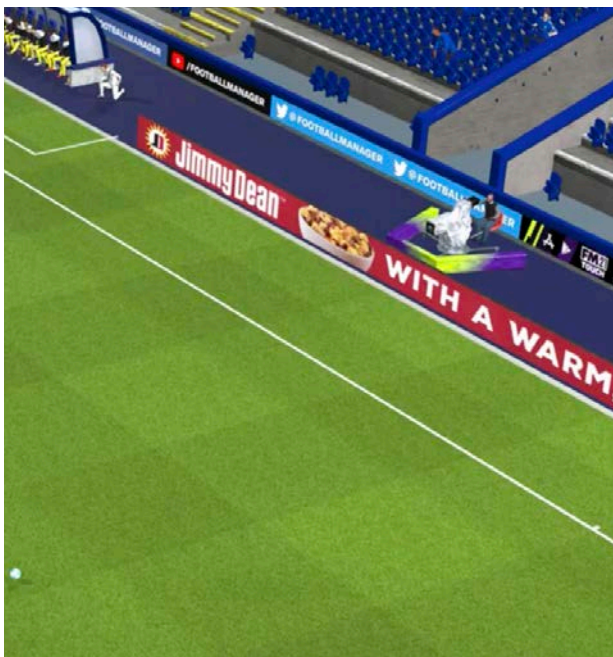
Simply put, we have built, defined and created an entirely new ad category. Here are some of our key achievements from 2020:

- Advertisers.
- Publishers & Platforms.
- Product.



# Advertisers

Campaign brand uplift studies for brands such as Coca-Cola, McDonalds, Volkswagen, TalkTalk, Santander UK and Jimmy Dean show Bidstack's in-game ads deliver better results than other traditional channels.

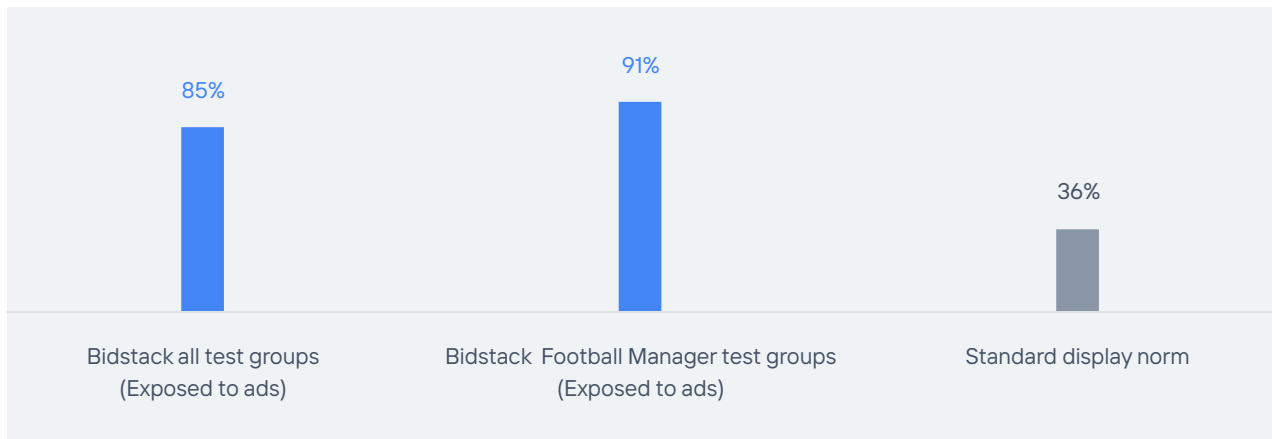






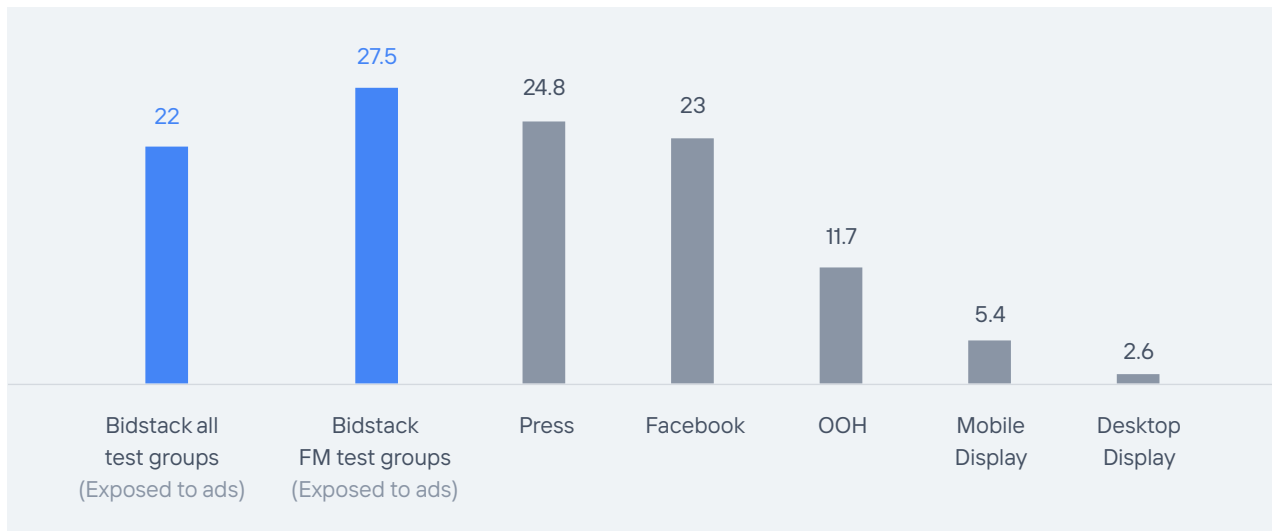
### Percentage Viewed

On average, our ads were viewed 2.4x more than display ads.



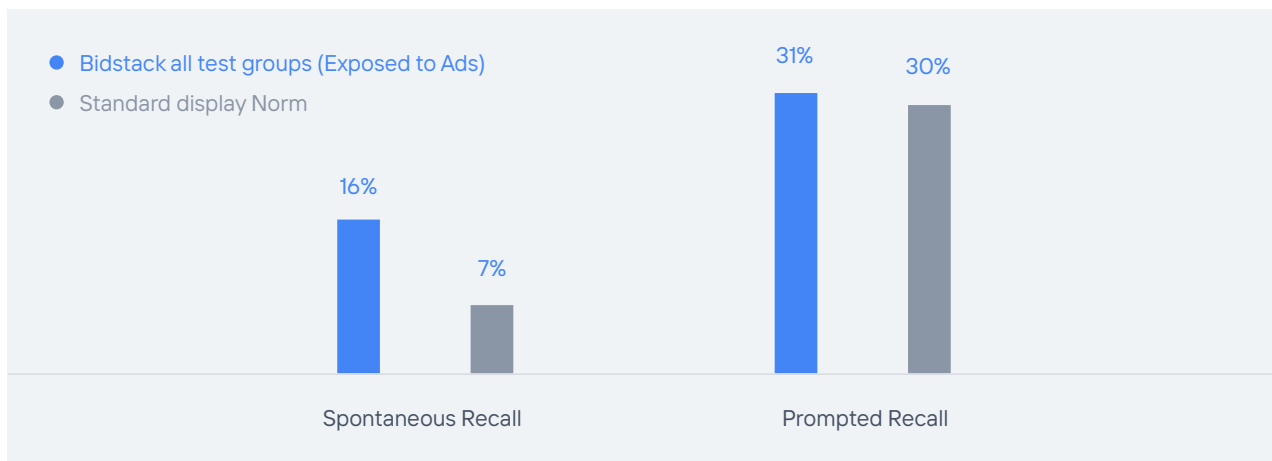
### Attention Per '000 Impressions (Mins)

On average, our ads grabbed 20% more attention than Facebook ads, with 27.5 minutes/thousand impressions versus 23 for Facebook ads.



### Brand Recall

On average, ads placed on Bidstack were recalled spontaneously 2.3x more often than standard display ads.





### Some Additional Numbers

- 42 campaigns ran across all major advertising verticals.
  - 30+ markets covered, with 25 signed approved partners to our sales network.
  - 5 signed agreements with the largest agency holding groups.
  - 10+ brands directly running campaigns with us, across 5 verticals.
  - Network, agencies and brands direct across the U.S. and Europe (8 people and growing) .
  - Teamed up with Moat to prove ads are seen and viewed to gain confidence among the advertising community.
  - Defined a viewability standard currently being ratified by Moat.
  - Agreed partnerships with Nielsen and ComScore.
  - Defined a new ad category with the IAB and became the first multi-platform in-game advertising company to gain IAB UK "Gold Standard 1.1" certification.
- And more
- Produced an accreditation program to certify buyers for in-game advertising.

# Publishers & Platforms

**Significant progress on the publisher side, with the addition of new AAA games, mobile titles and esports teams.**

- We have signed 5 games across 3 AAA game studios: Sega / Sports Interactive, Codemasters (an EA company) and Ubisoft.
- Overall, we are now working with over 20 games.
- Signed 6 new esports team collaborations.
- Signed 2 esports franchise collaborations.
- A further 6 AAA games covered by broader partnerships agreements signed.
- Signed VR game studio (Rezzil).
- 4 Publisher testimonials (Codemasters, Football Manager, Smash Mountain and Flying Squirrel).
- Defined and built viewability SDK based reporting with publishers across 3 game genres (Racing, Open World, Stadium).
- Signed and delivered an esports team campaign and partnership (case study pending completion).
- Signed an exclusive 3rd party integrated development partnership with a leading game.
- Established Racing, Open World and Stadium-based gaming verticals.
- Established a sales team in the U.S. and Europe (8 people and growing).

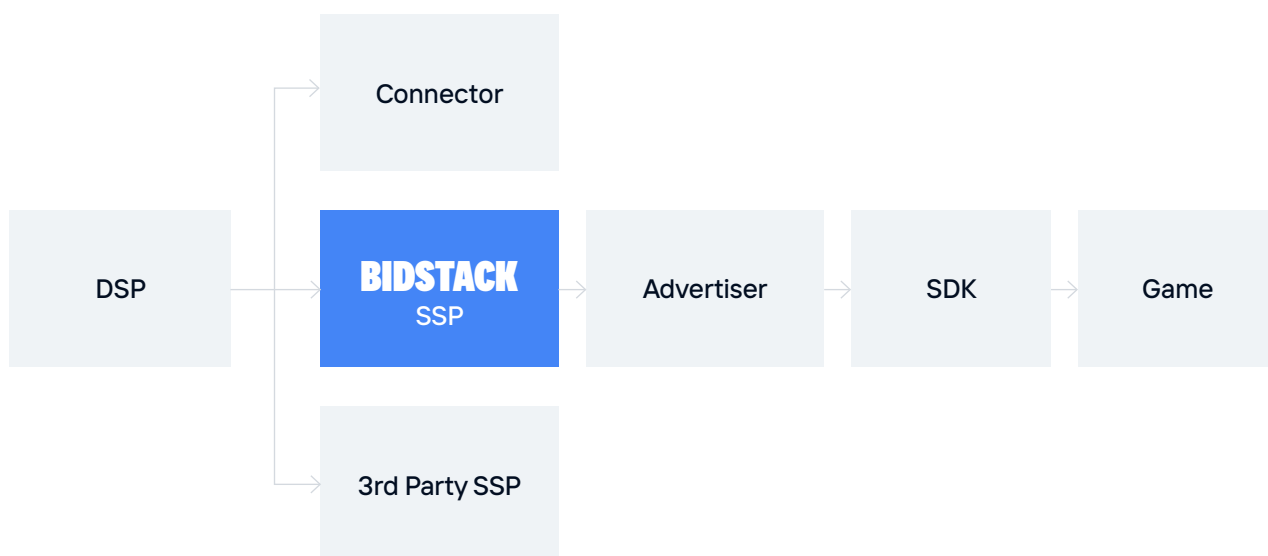
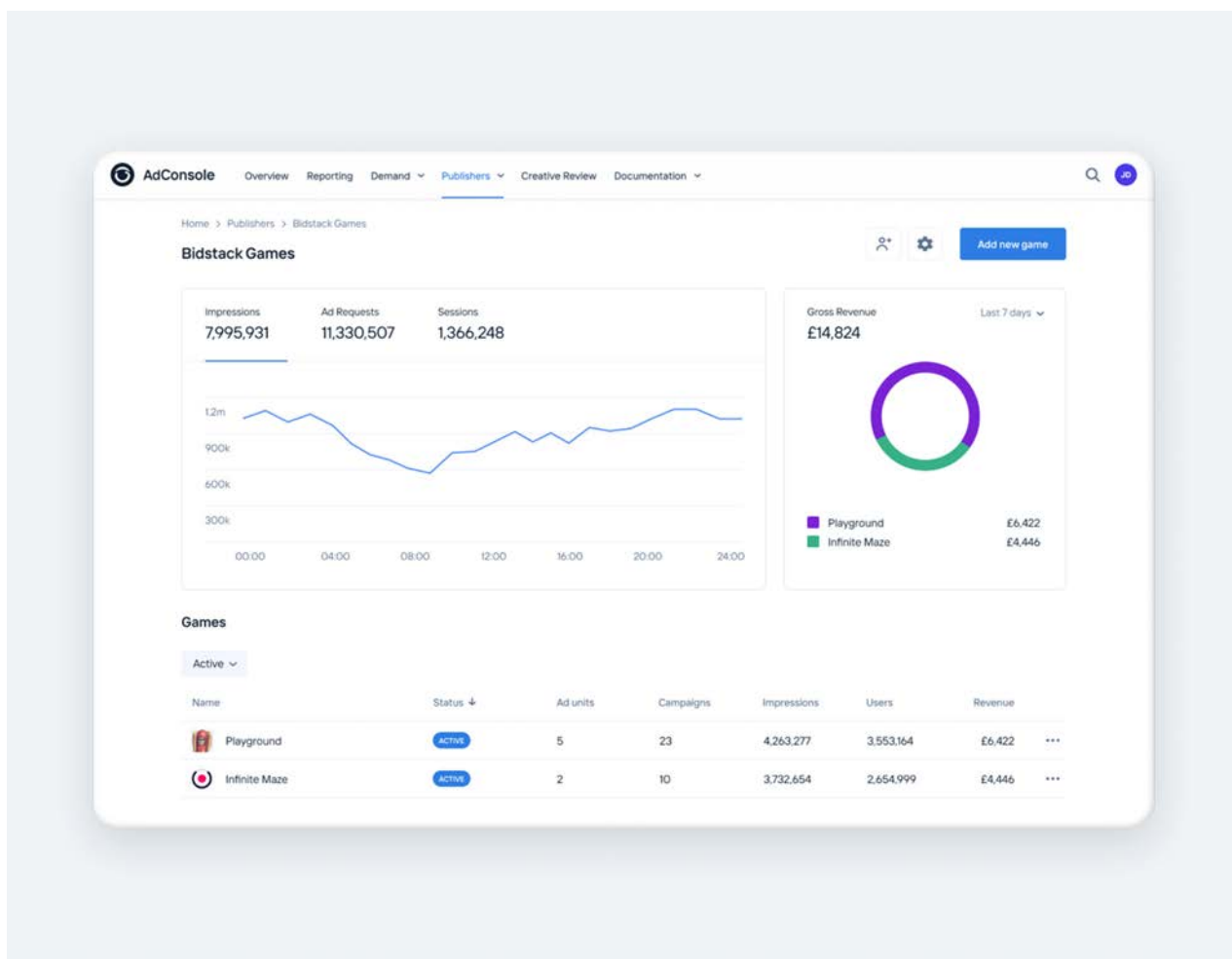




# Product Development

We have built, defined and created an entirely new ad category. Below is a summary of what we have delivered

- Support for 6 SDKs (Unity, Unreal, C++, Linux, iOS and Android).
- Proprietary technology:
  - Ad server for in-game ad inventory.
  - Self-serve supply-side platform for publishers.
  - Demand-side UI for campaign activation.
  - Programmatic supply-side infrastructure.
- New ad approval features.
- New programmatic Deal ID set-up features.
- Server-side ad delivery mechanisms to support security for game publishers.
- Rebuilt Pubguard onto AdConsole infrastructure for publishers.
- Ad viewability into our SDK for real-time reporting.
- Moat by Oracle verification into our product offering.
- Integrated our supply-side platform to 5 demand-side platforms.



# Building On Our Strengths

Beyond the achievements listed above, we continue to innovate and enhance our value proposition to our two key customer groups.

Advertisers



Game Developers & Publishers







# Advertisers

Unlocking the potential of gaming for advertisers required development in the following three key areas.

- Raising awareness with global agency holding groups and advertisers.
- Showing ROI evidence with ads measurement.
- Increasing ease of purchase and scaling with premium inventory.



# Raising Awareness With Global Agency Holding Groups And Advertisers

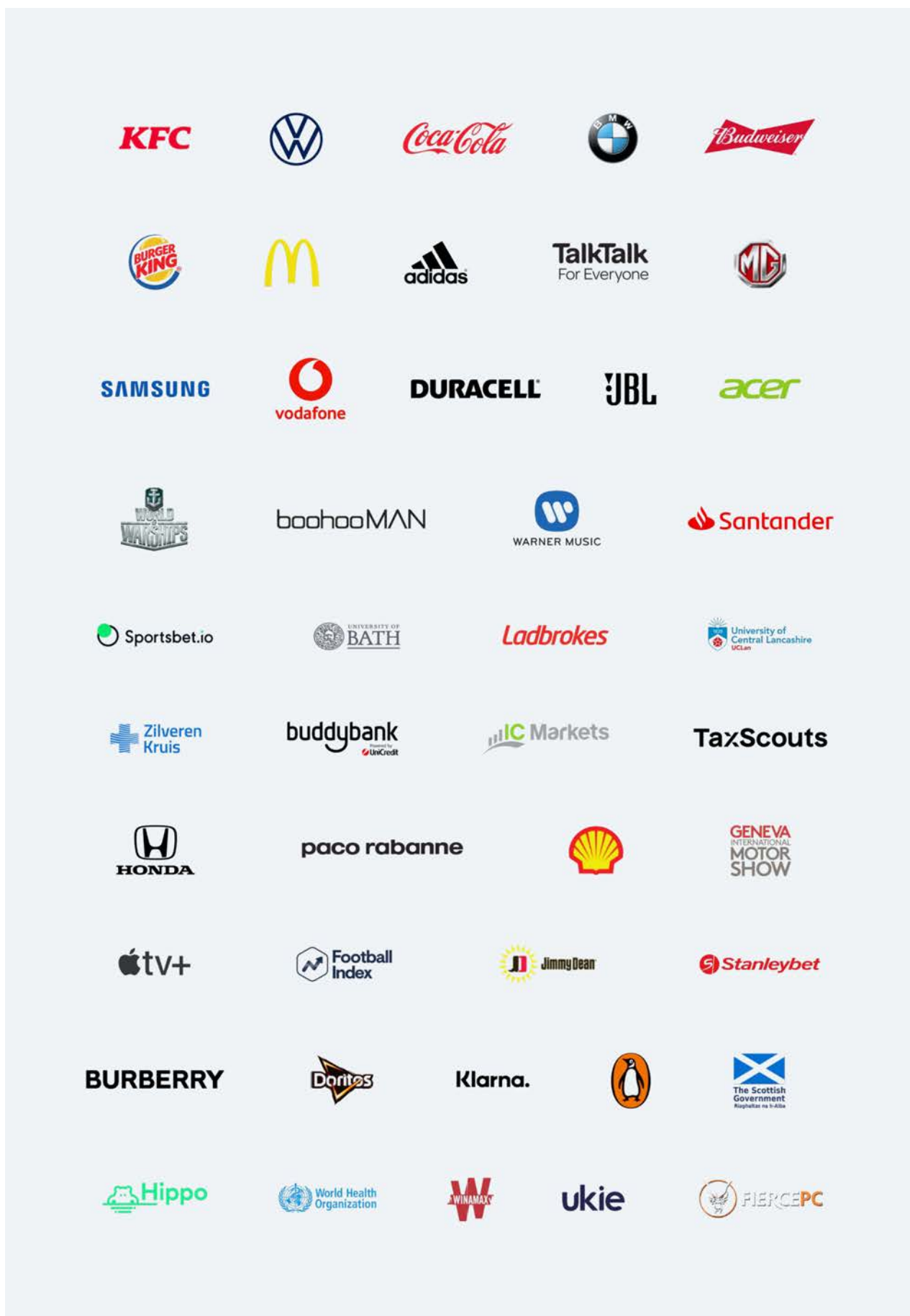
We have been first movers in developing key agency partnerships, establishing solid relationships with major agency-holding groups globally that account for billions of dollars of advertising spend, including Dentsu, WPP, Publicis, Omnicom, Interpublic and Havas.

Furthermore, all of these agency holding groups made significant strides in 2020 by setting up specific gaming divisions:

- OMG created DDB For the Win.
- Dentsu created D-game (UK) and other gaming divisions globally.
- GroupM created a gaming product within Xaxis.
- Publicis created Publicis Play.

On a parallel path, our brands direct team has worked with not only endemic brands but broadly across all key verticals such as luxury, consumer packaged goods (CPG), financial services, automotive, retail and technology brands. These brands strategically made gaming a key marketing pillar with an objective to advertise more over the coming years.

This is only the beginning of gaming becoming mainstream for advertisers as the addressable audience continues to thrive. The pandemic has fast-forwarded the trend towards in-game advertising.





Case Study

# TalkTalk

## An In-Game Attention Study

### Overview

Telecommunications is an extremely competitive vertical, therefore TalkTalk, supported by agency partner m/Six, partnered with Xaxis and Bidstack to reach their target audience with in-game advertising, a new environment which allowed TalkTalk to reach gaming audiences in a unique way.

### The Strategy

This campaign was a first-of-its-kind collaboration where m/Six and Bidstack partnered to deliver an in-game ad campaign to bring TalkTalk's Fibre Broadband message to gamers, a highly valued audience.

M/Six planned the campaign as part of a wider Fibre Broadband campaign, Bidstack built the creative and provided the inventory, and Xaxis delivered the ads programmatically.

As awareness and perception were key objectives, it was important that the ads were seen clearly and looked great.

Bidstack works directly with a number of highly established game developers, such as Sports Interactive and Codemasters, enabling us to insert ads into existing ad placements within a game. As such, the TalkTalk ads were delivered on Football Manager and Dirt Rally 2.0, two very popular games.

By integrating proprietary technology into the games, Bidstack was able to effectively serve TalkTalk ads to a relevant audience, while rendering the creative to make sure that it fit the game play. Furthermore, this allowed TalkTalk to have 100% share of voice on screen.

### The Objectives

- Raise awareness of TalkTalk Fibre Broadband with gamers.
- Reach gaming audiences in a range of demographics, in a unique but effective way.
- Elevate consumers' brand perceptions.
- Generate strong ad recall.

### The Results: High Quality

#### Environment and Tangible Outcomes

The results were very positive. Combining quality in-game environments and tangible campaign results, Bidstack were able to demonstrate the effectiveness of in-game advertising.

The creatives were placed in-game, displaying seamlessly and organically on banners and football pitches.

The ads were seen by 96% of the study participants and 84% felt they were suitable for the in-game environment.

Significantly, after seeing the ads there was an uplift in purchase intent of 12%, clearly demonstrating that exposure to in-game advertising correlated with a positive influence on future purchase considerations.

### Key Stats

- TalkTalk's in-game ads were seen by up to 96% of the study participants.
- Dwell time was 1.4 times greater than the standard display norm.
- 84% of participants felt the ads were suitable for the in-game environment.
- 90% of participants thought TalkTalk's ads were easy to read.
- 48% were able to spontaneously recall TalkTalk, rising to 58% when prompted.



# Showing ROI Evidence With Ads Measurement

Bidstack has worked throughout 2019 and 2020 to gain brand uplift studies from household brands, producing 11 studies with Lumen Research across a number of industries, including automotive, CPG, retail, fashion and technology, and covering all agency holding groups.

This has provided our advertising partners with proof points to show how gaming performs alongside other media channels. The results have been unequivocally positive and demonstrated how in-game advertising performs better than Facebook, online display, mobile and out-of-home to name a few media channels.

The IAB's efforts to define gaming as a channel, as outlined in their recently published "Guide to Gaming" whitepaper, combined with Bidstack's presence at many industry events has helped encourage agencies to create their own gaming divisions, products or specialist teams across the globe.



As a result, gaming is now firmly on the advertising agenda as we move into 2021-2022.

In a short period of time, we have made significant strides in the area of measurement.

- In 2019-2020 we collaborated with key advertising partners to develop fundamentals such as pricing structure and defining performance metrics like viewability. We then built this functionality into our publisher SDK and reporting capabilities.
- We have worked with Moat by Oracle to verify our technology so that a third party can now determine if an ad is seen by a real person.
- Our next stage of development with Moat by Oracle is to verify how our data can be used to provide measurement of whether the ad was in view on the screen and for how long.

Bidstack has achieved clear progress in defining and building consensus on different areas of measurement and pricing through working with our agency partners. We believe key attributes of the framework will be completed by the end of 2021.



# Moat By Oracle & Dentsu DGame

In 2020 Bidstack started working with Moat by Oracle to increase market confidence in in-game advertising as a trustworthy media channel.

## Overview

Working with Moat by Oracle, we measured general invalid traffic (GIVT) in a campaign run by Dentsu's DGame on Football Manager 21 in the UK on behalf of a leading global financial institution.

GIVT is a form of ad fraud which stems from invalid, malicious or fraudulent activity that generates illegitimate ad impressions.

## More Than 99% Impressions Free of Invalid Traffic

Analysis of Bidstack's PC inventory compared to Moat's Global Q3 2020 Display benchmarks showed Bidstack's overall PC GIVT performed 3.5x better than the industry benchmark, with more than 99% of observed impressions verified as GIVT free.

(Moat Q3 2020 Desktop Display Benchmark = 2.9% GIVT)

## The Results: Reassurance for Dentsu DGame

"We are very impressed with Bidstack as a trustworthy in-game media channel for our clients, and having their numbers validated is further proof that they're ready to unlock the potential of the gaming audience for advertisers,"

Luke Aldridge  
Client Partner at Dentsu's DGame.

# MOAT

by ORACLE DATA CLOUD



# Increasing Ease Of Purchase And Scaling With Premium Inventory

## Ease of Purchase via Programmatic

The advertising market has changed dramatically over the last 10 years, mainly due to programmatic advertising automating the buying and selling process across digital channels including display, video, audio, connected TV and digital-out-of-home.

Bidstack's technology was developed with this in mind from day one, and it is a key principle embedded into everything we built for the long term. We have our own proprietary ad server, supply-side platform, SDK and demand-side user interface (UI). This means we can build and adapt our technology very easily moving forward, enabling frictionless open market buying in the future.

During 2019-2020 we have directly connected our supply-side platform to demand-side platforms such as The Trade Desk and others ensuring our in-game inventory is available. It has allowed agencies and advertisers to buy from the DSPs or directly through an Insertion Order (IO).

## Always-on Advertising

Our next phase of development is to build an open exchange, creating a standardised way (ratified by the IAB) for advertisers to buy in-game ads without requiring any human interaction.

During 2021 we will also be working with advertisers, DSP's and industry bodies to define an open-exchange method of trading in-game advertising. This work is part of our product roadmap and has already commenced.

This key part of our core long-term plan is projected to generate a stable stream of recurring revenue and increase fill rates across non-core markets. Always-on advertising will soon become a reality for this new ad category, and we will move into high scale growth.

As we move forward, our product roadmap will continue to build the technology to enable our 20+ partners who have signed up to our Approved Partner Network to self-serve their own campaigns.

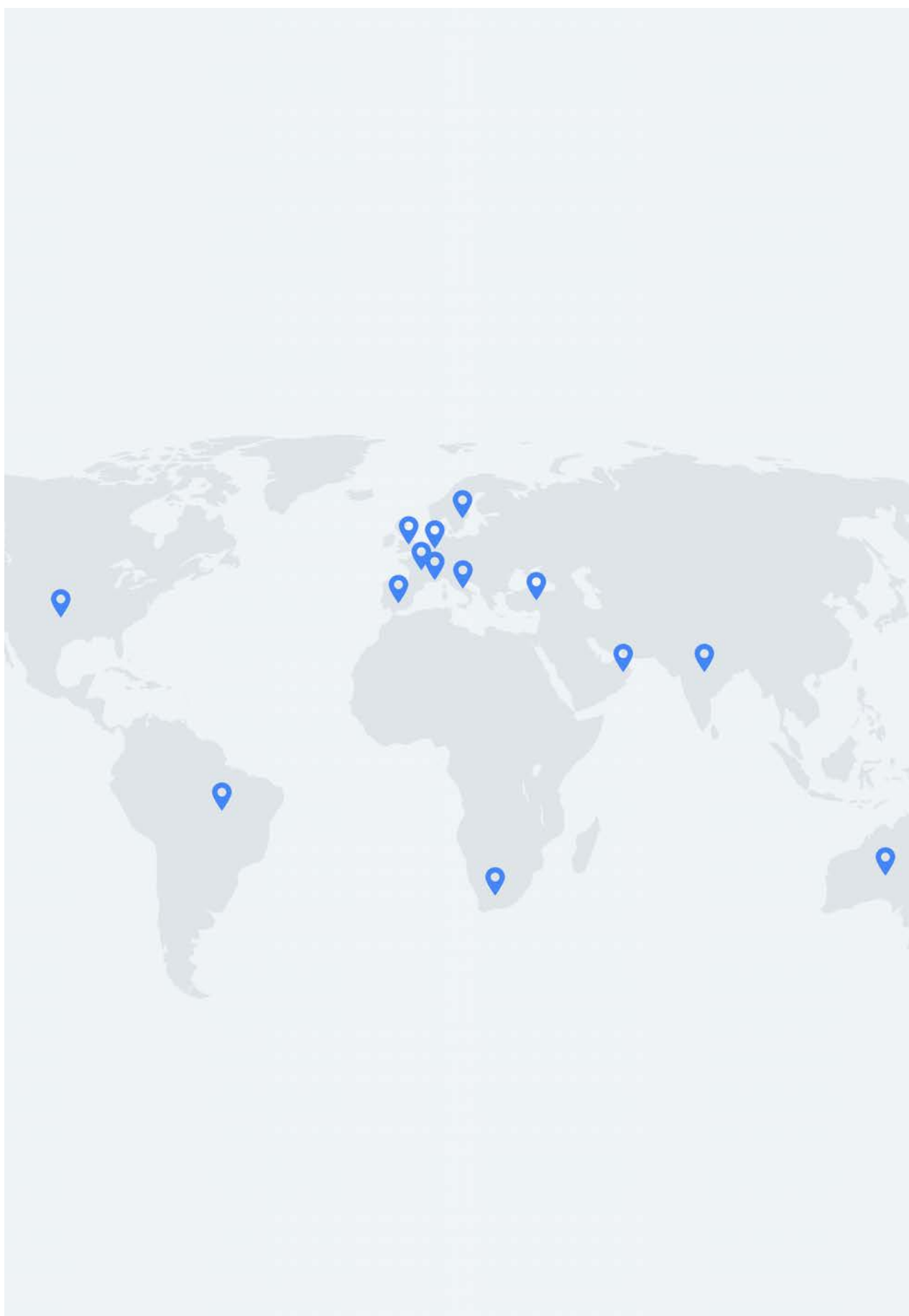
Planning tools, forecasting, audience targeting, optimisation and reporting dashboards will help them understand what they are buying, as well as expected pricing, volumes and outcomes.

We believe that providing advertisers with the self-serve controls to set up programmatic campaigns will enable them to buy inventory with our technology with as little friction as possible.

## Scaling with Premium Inventory

Bidstack works with AAA and high-fidelity titles that are concentrated in our core markets. This is crucial during the early stages of our journey to ensure that the in-game advertising category is established a premium channel with favourable CPMs.

Our pipeline of titles is robust and has strengthened as our partnerships team has grown and our technology has been evolved to meet the needs of our clients. We continue to scale our portfolio across platforms and are working with a number of independent publishers. Bidstack is ultimately working towards curating the largest audience for interactive entertainment.



Bidstacks Approved Partner Network



# Game Developers & Publishers

The year 2020 marked a pivotal year for in-game ads adoption. Our solution has not only been accepted by the highly ad monetised mobile markets but also premium AAA games.

This is a testament to the authenticity of our solution which is being adopted by game developers of all sizes and all channels.

The education we drove in 2019 and 2020 has created a robust and engaged pipeline of studios and developers looking to insert in-game ads into their lineup of games. Our current publishers hold our technology in high regard due to its stability, the strong creative controls for ad approval along with our quality revenue generation capability from a large quantity of premium brands. This is demonstrated by the strong testimonials that we receive.



# Football Manager 2020

The Football Manager case study is a great example of how our publisher-first approach and easy-to-implement technology allowed Sports Interactive to retain control of their in-game inventory and grow revenue without interfering with the player experience.

## Key facts:

- Only 15 days to integrate our SDK (150 development hours).
- 95% of gamers felt our ads enhanced gameplay realism.
- Over 140% increase in revenue.
- Brands included: Coca-Cola, Samsung, McDonald's, AppleTV, Vodafone, VW.
- Our consistent revenue growth was underpinned by strong fill rates in the game from well-known brands, approved by Sports Interactive. As our sales team scaled during the year, we saw an average fill rate between April-December of approximately 30% in our active territories.





### More authentic gameplay with Bidstack

“Just as in real-world football, Football Manager’s pitch-side advertising is an integral part of the matchday experience. Our game would be less authentic without display advertising.

Working with Bidstack allows us to provide a constant flow of fresh advertising content in a seamless and authentic fashion.”

Dr Tom Markham,  
Head of Strategic Business Development, Sports Interactive

### Relevant, contextual and tailored

“One of the main benefits of Bidstack’s technology is that it allows us to deliver advertising that is relevant within the context of the game.

It is also tailored to each player’s interests and location, all without either ‘breaking the illusion’ or slowing the game down in any way. It really is a win-win partnership”.



## Grow

### Commercial progress

During the course of 2019 and 2020 we added two other major studios in Ubisoft and Codemasters (now an EA company). Our technology is being used on high-fidelity games running at 60 frames-per-second, which requires ads to be seamlessly blended into the gaming environment context.

Specifically, we are able to take the same 2D ads and render them on many different banner types, textures, flags, billboards and in any race condition (eg.: dark, raining, muddy).

We do all this while our proprietary technology infrastructure delivers ads in real-time and programmatically, which now accounts for nearly 70% of digital media buying.

The key aspect that we protect obsessively is the player experience. We achieve this with ads that look real in the game and enhance the experience rather than disrupting it. We have observed some bad practices where this artistic imperative was neglected, and the outcome was a negative experience that resulted in low player retention.

Over the last few years, we have been working with our gaming partners to add more titles across their portfolio, which is a testament to the way we work in the gaming industry.

We have also worked to expand our relationships with new studios across console, PC and mobile games (both large and independent) and have been investing heavily in our supply-side product and team, with new commercial hires both in London and the U.S.

This investment is bearing fruit, as publishers now actively seek partnerships with us knowing that our technology can grow revenue for them while preserving or enhancing the game's realism. We are proud to have developed a market-leading reputation for our technology and customer experience, which positions us for our next growth stage.

Ultimately, for this new advertising category to be trusted and thrive in the gaming community, we know customer confidence is vital to long-term growth.

### Technology progress

The development of our SDKs for Unity, console, PC and cloud gaming with Google Stadia was crucial to enable publishers to seamlessly run across multiple platforms.

During 2020 we have invested heavily in building a stable SDK and fully proprietary tech stack. From retaining artistic relevance in the game without any lag, to enabling creative approval controls, we've been committed to delivering excellent performance to game publishers.

Our customer feedback has been excellent. Besides Football Manager, we've had publisher endorsements from Codemasters, Illusion Labs, Flying Squirrel and Smash Mountain:

#### Codemasters

"We've been impressed by both the technology and brand reach of the Bidstack team. Most importantly they understand the importance of the quality of our assets and the need to deliver a solution that appeals to both brands and our loyal gamers. We look forward to working with them."

**Frank Sagnier**  
CEO

#### Smash Mountain

"We are happy to work with Bidstack. As in all true partnerships, there is efficient and transparent communication, dedicated account management and a mutual effort to deliver the best IGA solution for our game and gamers. We benefit from Bidstack's stable tech stack, which allows for easy setup and maintenance."

**Luiz Eduardo Adler Pimentel Duarte**  
Founder and CEO

We are constantly evolving how we work with our clients. Thanks to their feedback, we are planning to move towards a model where our technology will be used as a service in the future. This will scale our platform and give them the technological tools they need to generate more revenue.

Our next phase of growth will drive further features and functionality to our supply-side platform, enhancing our self-service feature set, with the objective of creating a market-leading platform for publishers. More details on this in Part 3: Accelerate.



# Our Funding To Date

All the progress we have presented was made possible by the continued support of our investors.

By December 2020, we had raised over £16m since the first funding from Crowdcube in 2015. In fact, we are very proud to say Bidstack was the first Crowdcube-funded company to go public via a reverse takeover (RTO), which we did in September 2018.

Since then, we have received two additional rounds of funding through being publicly listed on AIM. This funding has allowed us to invest in executing our strategy, which includes entering new markets as we scale globally, solidifying our commercial team and innovation.

## Our Funding to Date

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December 2015	£33,000
August 2016	£277,000
August 2017	£312,000
June 2018	£750,000
September 2018	£4,300,000
May 2019	£5,000,000
June 2020	£5,700,000

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**Total raised**

Source: Company data

**£16,372,000**

Accelerate

# Our Three Objectives For 2021-2022

Throughout 2020, our focus was on execution and that will accelerate in 2021-2022. We are committed to ensuring our performance this year builds on what we achieved in 2020, but also supports our long-term plans.

In 2021-2022 we will focus on:

- Building an open exchange industry standard and infrastructure.
- Continuing building our proprietary programmatic technology features.
- Strengthening our safety features with Pubguard.





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# Build An Open Exchange Industry Standard And Infrastructure

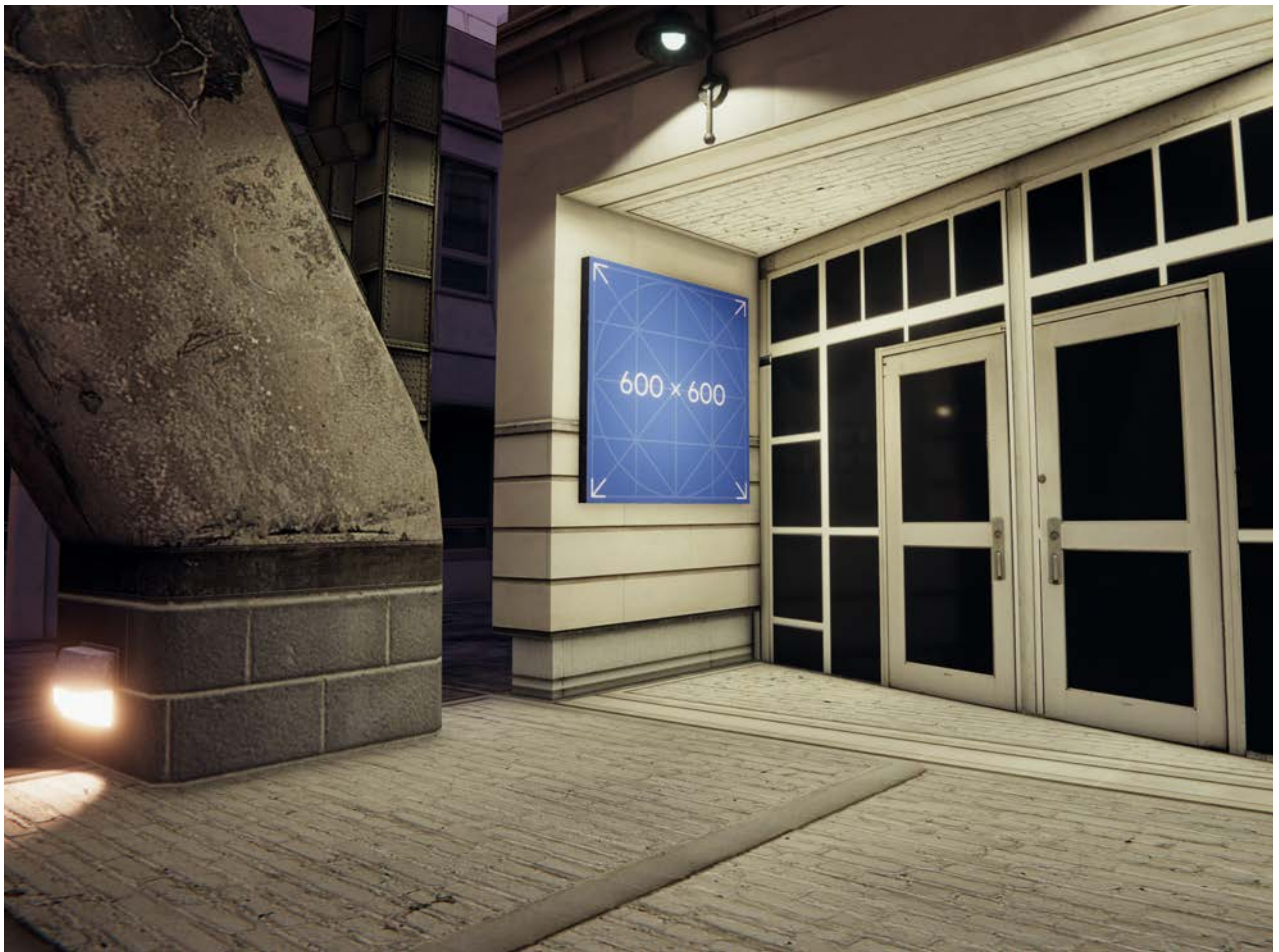
We have started working on an open exchange method of trading in-game advertising that will create an industry standard.

Throughout 2021 we will continue working with publishers, advertisers, DSPs and industry bodies to define the taxonomy of this service.

This development is a core element of our long-term plan to deliver recurring revenue in the near future.

Key 2021-2022 deliverables:

- Build the technology to standardise the way in-game advertising is transacted and measured.
- Work with the IAB in defining a taxonomy for native and display, including:
  - Format, ad sizes, copy, best practices.
  - Coordinate with publishers, DSP and SSPs partners to adapt standards.
  - Build integration into DSPs, SSPs per defined standards.





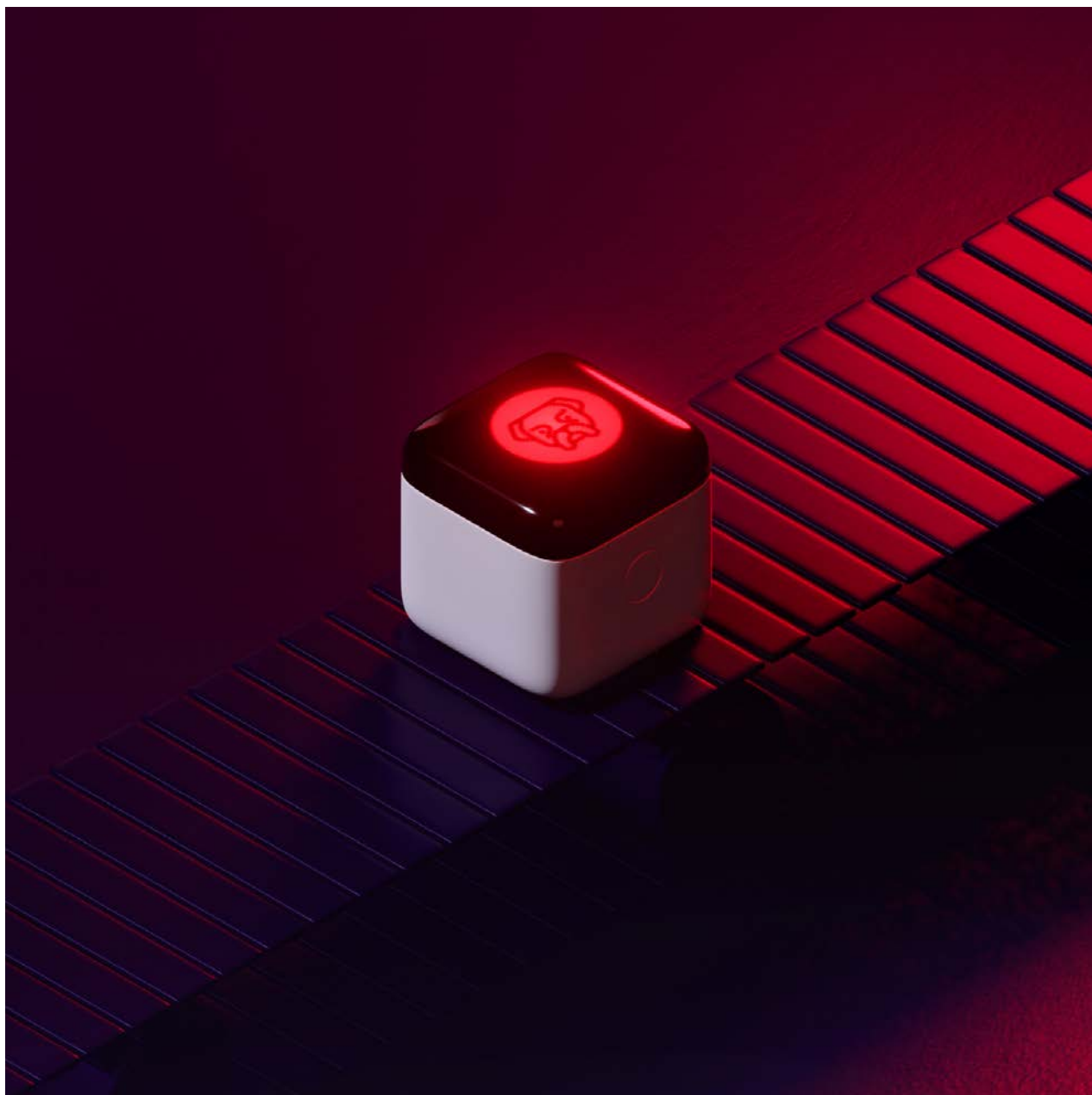
# Continue Building Our Proprietary Programmatic Technology Features

Our objective is to set the standard and establish the foundation for the wider industry to follow. The focus on control and transparency reinforces our ambition to build our own proprietary ad technology.

While, in the early stages of our development, we have leveraged third-party technologies, we have never lost sight of our broader goal to serve our customers with our proprietary solution. Step by step we have moved the technology stack in-house to retain control and visibility on costs.

Adding to our proprietary ad server and SDK in 2020 we built our proprietary SSP, and we will continue to evolve it.

We will intensify our efforts in this direction, adding features and functionalities to our supply-side platform that will enhance our self-service feature set.



### Key 2021-2022 deliverables:

Build the key supply-side tools, including:

- In-game advertising, owned & operated (O&O), programmatic, open exchange toolsets.
- Security, via Pubguard.
- Esports monetisation features.
- Self-sign-up and on-boarding.

Build the key demand-side tools, including:

- Programmatic campaign set-up.
- Campaign optimisation.
- Planning & forecasting features.



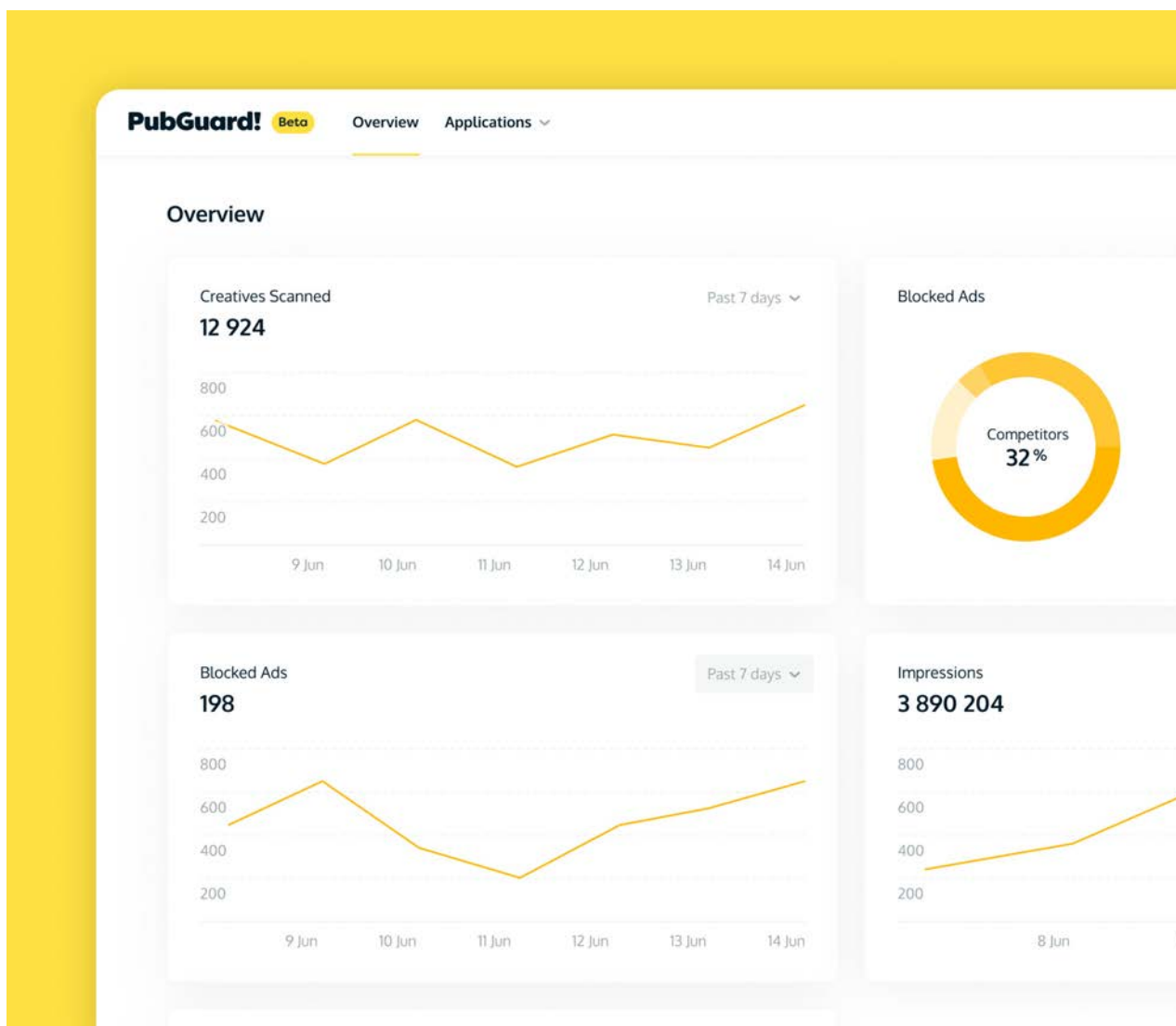
# Strengthening Our Safety Features With Pubguard

Pubguard is a malvertising platform built to service publishers by preventing bad ads.

The security system monitors and filters every ad creative served to users by either approving, flagging or blocking the ad creative. This prevents malicious, inappropriate and age sensitive ads from appearing to users, thus avoiding revenue loss across legacy mobile ads such as interstitials, rewarded videos etc.

It will also be core to our goal of creating industry-defining benchmarks and standards for open exchange advertising with key industry partners.

Pubguard is not limited to servicing mobile publishers, but we will continue to develop the technology to help prevent malicious ads across mediation platforms, websites and ad exchanges.



“As the industry continues to evolve, mature and scale, the necessity for controlling ad quality is crucial. Stakeholders across the entire media and advertisement supply chain have a responsibility to provide a safe relationship between the brand and the end user. Pubguard’s technology is an important cog in this ecosystem, as it provides control and enables our clients to deliver on their responsibility to create a safer internet.”

Alan Ngai  
Chief Operating Officer, Pubguard



Onwards & Upwards

# Predictions On The Future Of Interactive Entertainment

We delve into what the future holds for the gaming industry and the technological advancements it inspires.

- Technology to Accelerate Democratisation of Creativity.
- Gaming to be Established as the 8th Art Form.
- Atomisation of In-Entertainment Transactions.

1/3

# Technology To Accelerate Democratisation Of Creativity

Just like it did with several other art forms, technology is reinventing what kind of interactive entertainment we will see in the future.

The rise of platform-based game creation without programming, coding or scripting on Roblox or Buildbox and game engines like Unity and Unreal has shown us that the next frontier of user-generated content (UGC) will look a lot like The Mandalorian series, which was actually built on Unreal.

What is currently an artistic luxury reserved only for the biggest movie studios will eventually make its way to the masses, and then we will see a creative explosion finally make its way to Hollywood and the big screens.

We believe that in the next 10 years, anyone will be able to build their own feature movie based on a book they just read. And if they want to be the main character of that movie, they will be able to do that too, availing themselves of the terabytes of metadata available in social media, search engines and the like.





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# Gaming To Be Established As The 8th Art Form

In the 1820s German philosopher George Hegel named the five art forms that define the concept of art itself: architecture, sculpture, painting, music and poetry. Later, two additional forms were added: dance and cinema.

We believe gaming engines and codeless development will evolve to eventually turn gaming into the eighth art form, available for anyone to conjure up new realities, give shape to their imagination and express their creativity in ways that we cannot even imagine today.

Just like any artistic field, creativity thrives with the exchange of ideas. The collaboration and social media tools available today enable anyone to share and monetise their creations, thus building a virtuous circle of creativity and unlocking immense revenue potential in a very decentralised way.

But in the near future, as robotics, machine learning, artificial intelligence and behavioural sciences continue to evolve, there will be no limit to what can be achieved.



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# Atomisation Of In-Entertainment Transactions

Once a new ecosystem comes to life, it's impossible to predict the creative energy and exponential growth it can spur. Gaming has over 2.7 billion users today, but this total addressable market is nowhere near its full potential.

When gaming engines take the current cohort of interactive entertainment to the next level, first with gaming-as-a-service and then to gaming-as-a-platform, we will start seeing a whole new wave of innovation and potential with the rise of in-entertainment transactions. Those will take shape as nano-transactions or packaged subscriptions and will range from person-to-person marketplaces selling virtual or physical goods, to real-time, programmatic, geo-targeted ad placement and everything in between.

The future of gaming as an industry is incredibly bright, even if this brightness is currently too shiny for the human eye to see. Regardless of where the future of interactive entertainment takes us, we know it will be a land of immense potential, technological innovation and unlimited creative energy.

And Bidstack will be there.





A few words from

# Our Leadership Team

## Francesco Petruzzelli

Chief Technology Officer & Co-Founder

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“Gaming has emerged as a true powerhouse of media consumption and brands are truly recognising the power that engaging with these audiences brings to them. From the outset, we’ve always had the vision that to drive true innovation we must always put publisher and gamers first, and we’ve accomplished that. As a technology-first company with the largest development team in the industry we’ve taken enormous steps in trailblazing the way for the industry behind us.”

## John McIntosh

Chief Financial Officer

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“Bidstack is a product of our time, gaming is only going to get bigger, and become a larger addressable market. Thanks to our investors, we have built a base from which to take the company forward to take advantage of the opportunity to scale and develop a real expertise in this still immature market”

## Lewis Sherlock

Chief Revenue Officer

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“Bidstack has achieved so much in a short space of time when I reflect on the last few years compared to other the businesses that I have been involved in growing. I’m personally looking forward to what is ahead of us.

My own personal experience in developing and selling advertising technology to buyers and sellers in new media channels all point to us having a strong business for years to come. It takes time to embed new media or monetisation and technology into both the advertising and gaming industry but it’s clear from the evidence so far that both sides are seeing this as a new mainstream way to make money or reach an audience.”

### Lisa Hau

Chief Operating Officer

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“Our 3–5-year vision enabled by our best in-class talent and technology, democratises access to gamers for global and local brands, as well as powering independent developers through a lucrative monetisation strategy. The platform strengthens our competitive advantage through scale and reach as we deliver on our ambition to be the premier destination for global interactive entertainment.”

### Fernando Faria

Chief Marketing Officer

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“While marketing has always been driven by creativity, it is also incredibly data-led. Channels that can prove to be effective and brand-safe will command more investments and deliver higher monetisation potential. I’m very encouraged as a marketer to see the results of in-game advertising as a channel and personally excited to be helping Bidstack lead the way in quickly taking it mainstream. We will keep educating our audiences on the great results our technology can deliver with authentic and safe brand experiences to gamers worldwide.”

### Bhavesh Hirani

Head of Finance

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“Advertisers are highly aware of the significance of reaching consumers in a non-intrusive and targeted manner and in-game advertising has opened a portal for brands to enter into this rich sector. Global gaming revenues are forecast to exceed \$200 billion by 2023, and Bidstack’s tech stack is well positioned to monetise and fuel this economy as it creates alignment between studios, brands and gamers alike. I personally am extremely excited to be a part of this journey and I look forward to contributing my experience towards achieving our goals.”



# Company Information

<b>Directors</b>	D Stewart J Draper F Petruzzelli J McIntosh M Hayes D Wise (resigned 1 February 2021)
<b>Company Secretary</b>	One Advisory Limited
<b>Registered Number</b>	04466195
<b>Registered Office</b>	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
<b>Nominated Adviser</b>	Spark Advisory Partners Limited 5 St John's Lane London EC1M 4BH
<b>Brokers</b>	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
<b>Independent Auditors</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
<b>Solicitors</b>	Kepstorn Solicitors 7 St James Terrace Lochwinnoch Road Kilmacolm PA13 4HB
<b>Registrars</b>	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
<b>Company Website</b>	<a href="http://www.bidstackgroup.com">www.bidstackgroup.com</a>

# Chairman's Statement

## Introduction

2020 has been a year of immense progress for Bidstack. While the significant increase in revenues in the second half is a distinctly tangible sign of progress, it does not do justice to the full extent of the evolution of the business over the period.

In this document we have tried to:

- get across a full picture of what has been achieved in Bidstack's journey to date,
- give an overview of our technology and its uses,
- set out clearly why we believe that Bidstack is the leader of pack in the new world of native in-game advertising, and
- review the map for the route ahead as we currently see it.

## 2020 Highlights

Some of the highlights of the year have included the appointment of the former CEO of Sony Interactive Entertainment, Andrew House, to our advisory committee in February, delivering the "Stay Home Save Lives" message into Codemasters' DiRT Rally 2 in the early days of the Covid pandemic in April, an agreement with Codemasters for DIRT 5 in May, the successful raise of £5.7 million in June, the award of the IAB's Gold Standard Certificate 1.1 in June, our three way alliance with Norwich City Football Club and Badu in August and signing with Ubisoft for its Hypescape game in September.

As announced in December 2020, and again in further detail on 1 February 2021, we exceeded market expectations in respect of revenues and met market expectations in respect of our losses and cash.

## Progress in 2020

We have set out in considerable detail of our progress in having in-game advertising accepted as a new and recognised media channel throughout this document. Key points to note include:

- we are working closely with most of the largest global advertising agencies in the world including Dentsu, WPP, Publicis, Omnicom, Interpublic and Havas,
- our successful brand uplift studies for brands including Burberry, Coca-Cola, McDonalds, VW, MG, Acer, TalkTalk, Santander, Jimmy Dean and Paco Rabanne show that our in-game ads deliver better results than other traditional channels,

- our technology supports Unity, Unreal, C++, Linux, iOS and Android,
- we have created a proprietary ad server for in-game ad inventory (AdConsole),
- we are working with leading independent digital and audience measurement experts Moat by Oracle, Comscore and Nielsen to provide verification of delivery of our ads, and
- we have played a leading role in the IAB's efforts to define in-game advertising as a channel, as outlined in their recently published "Guide to Gaming" whitepaper.

## Board and Advisory Committee

In February 2020 we were delighted to add former PlayStation Chief Andrew House to our Advisory Committee.

Andrew began his career with Sony in Tokyo and served as CMO, Co-CEO and group CEO of Sony Interactive Entertainment (SIE) Europe before leading as President and Group CEO of SIE Inc between 2013-2017. He is credited with helping Sony's PlayStation reach a mainstream audience and was responsible for driving the record-breaking launch of the PS4 in 2013.

We intend to further broaden our experience of the board in the coming weeks by appointing additional expertise to support our growth.

After the period-end, we accepted the resignation of Derek Wise on 1 February 2021 to pursue other business interests. Derek has provided invaluable advice and assistance to Bidstack during his tenure on the board and I would like to thank him for his service.



## Chairman's Statement (continued)

## Financial Summary

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

	2020	2019
12 months ended 31 December	£000	£000
Sales	1,695	140
Gross Profit	225	34
Total Overheads	7,218	5,353
Adjusted (loss) before tax	<b>(6,993)</b>	<b>(5,319)</b>

The Company raised £5.7m in June 2020 as a result of a placing and subscription of 138 million new ordinary shares with institutional and other investors including certain directors at 4 pence per share. In addition, in October and November 2020 the Company received a further £0.05m following the exercise of 1,000,456 warrants issued in November 2017 at an exercise price of 5 pence per warrant.

The Company ended 2020 with cash reserves of £2.35 million (2019: £3.15 million) and no debt. As always cash management remains a key focus within the business as the Board expects Bidstack to continue to have negative cash flows in 2021. However, the Company is now aided by regular cash receipts arising in the ordinary course of trading which are having a positive impact on our monthly burn rate. In addition, the Company has also received a non-trading cash payment in January 2021 in excess of £0.5m and expects to receive a further similar receipt in late Q2 2021.

## Outlook and Prospects

In 2020, Bidstack made strong and tangible progress towards our ambition to become the global leading advertising and monetisation platform for interactive entertainment. Bidstack has proven its initial concept through bringing premium advertisers into the world of gaming, securing exclusive contracts with household name game developers and building the technology infrastructure to enable both sides to seamlessly transact.

Our strategy has been to take no shortcuts from either a technological or commercial perspective. This is now paying off, with significant advertising agencies and brands planning around our premium inventory and with our technology providing transparent reporting on campaign performance.

We believe that Bidstack is now well established, both in terms of technology and revenue generation. It is vital for Bidstack to consolidate its leading position through execution and scaling its value proposition into new markets.

The Board expects that revenues for 2021 while materially greater than 2020 will continue to be second half weighted.

With the commercial, operational, proprietary data and technology we have at hand, I believe Bidstack is well positioned for the journey ahead.

Donald Stewart  
Chairman

26 March 2021

# 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 it is confident of the Group continuing operations into the foreseeable future. The Board's forecasts for the Group include due consideration of future capital in-flows, continued operating losses, projected increase in revenues and cash-burn of the Group (and taking account of reasonably possible changes in trading performance and also changes outside of expected trading performance) for a minimum period of at least twelve months from the date of approval of these financial statements. 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 under principal risks and uncertainties in respect of the impact the Coronavirus pandemic on Going Concern and the approaches being taken by the Group to manage and mitigate such additional operational and financial risk the environment presents. Therefore, the Directors consider the going concern basis appropriate.

The financial statements at 31 December 2020 show that the Group generated an operating loss for the year of **£6.99 million** (2019: £5.35 million) after accounting for acquisition related costs of nil (2019: £0.045 million); with cash used in operating activities of **£6.20 million** (2019: £4.5 million) and a net decrease in cash and cash equivalents of **£0.80 million** in the year (2019: increase of £1.04 million). Group balance sheet also showed cash reserves at 31 December 2020 of **£2.34 million** (2019: £3.1 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 2021 is on developing its product suite to standardise the way in-game advertising is transacted and measured; and, continuing to develop publisher relationships in which its technology is employed while strengthening its safety features.

The Group's KPI's 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 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.

## Strategic Report (continued)

## Principal risks and uncertainties

The Board places a high emphasis on de-risking the business wherever possible. The model for the future development of the Group is outlined in the Strategic Report pages 94 - 97. The Management Team aim to operate the business to ensure objectives are met while not putting the business at significant financial, operational or reputational risk.

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

Risk	Mitigation
<p><b>Liquidity</b> – 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.</p>	<p>Management monitors the working capital requirements of the business to finance its growth plans as part of its day-to-day control procedures.</p> <p>The board regularly assesses cash flow projections to ensure that appropriate funding resources are ready and available to be drawn on, when necessary.</p>
<p><b>Pandemic</b> – In a dynamic, ever-moving coronavirus environment the Group is dependent on its staff being able to operate to the best of their ability, its suppliers being able to be engaged and then deliver and its clients having unimpeded access to our product and services.</p> <p>The stay at home message across the world has provided the gaming sector with an unparalleled boost. The risk is whether the Management can adapt to this growth and the demands on our product suite.</p>	<p>Management has been monitoring the risk and potential impact of the Coronavirus on the business, its principle risks and the operations. As the product and principle operations are cloud based the company systems can all be accessed remotely by all our staff.</p> <p>Our key suppliers are technology led and therefore service continues to be provided.</p>
<p><b>Talent retention</b> – The Group is dependent on key members of its management team. Their services cannot be guaranteed, and the loss of their services may have a near-term material effect on the Group's performance. There can be no assurance that the Group will be able to attract and retain all personnel necessary for the future development and operation of the business.</p>	<p>Bidstack's founders remain significant shareholders. The key difference in 2020 was the inability of our staff to meet and demonstrate the new product to suppliers and clients alike. The company has, therefore, adapted its strategy to ensure the most effective staff resources are employed who can communicate at the highest level to our respective client and supply side stakeholders. 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.</p>

Continued next page →

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

Risk	Mitigation
<p><b>Competition</b> – The Group’s investment in technology may be affected by the development of more successful technology or applications by competitors who may have greater financial, marketing, operational and technological resources than the Group.</p>	<p>The Board believes that Bidstack has an advantage in terms of how its technology, product is received in-game. The focus on the integrity of the video game, and the needs of the publishing client means Management target outcomes which benefit publisher in order to maintain the positive reception its stakeholders receive as far as is practicable.</p>
<p><b>IT services and infrastructure</b> – Like every other business dependent on the internet, the Group cannot guarantee that there will be no disruption in the availability or performance of the Bidstack platform, or the terms on which it is made available, which could have a material adverse effect on the business.</p>	<p>The Group’s IT infrastructure is distributed across a multiple server network. This ensures that if one were to fail, then the Group’s architecture and content could still be accessed by users via other access points. Management undertake a regular risk review against best practice methods. Management also recognised the opportunity to utilise third party technology solutions when time or resources are not immediately available; or until the appropriate internal resource can be sourced. immediately available; or until the appropriate internal resource can be sourced.</p>
<p><b>Business Interruption</b> – Ability to appropriately prepare for and respond to a crisis or major disruption to key operations either across the Group, in a key region/location, or via a critical supplier - such as the Group’s business environment being subject to the conditions noted above by the global impact of the Coronavirus pandemic.</p>	<p>We acknowledge the importance of proactively ensuring a consistent and effective business continuity management process across the Group. The shut-down of parts of the global business world due to the virus pandemic presents an environment which demonstrably increased audiences in the Gaming sector, mitigating certain demand-side risks the Group faces.</p>
<p><b>Publishing partner growth</b> – Success of the Group’s strategy relies on its on-going ability to secure additional games with advertising opportunities. There can be no assurance that the Group will maintain its success in this area.</p>	<p>The Group continues to have 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. Top end games may require minimum guarantee packages against forecast revenue. These incentives are modelled to mitigate the risk and ensure appropriate decisions are made on a case by case basis, where appropriate.</p>
<p><b>Converting client opportunities</b> – Success of the Group’s strategy depends on its ability to generate revenues from impressions of advertisements seen by video game players and other observers of the gaming environment. The major advertising agencies operating in the programmatic space have built up revenues from brands over a long period and may have some discretion as to where advertising budgets are spent. There can be no assurance that the Group will be successful in persuading brands and agencies.</p>	<p>Bidstack has already secured a partnership agreement with Dentsu Aegis, a leading global advertising agency and has signed an advertising framework agreement in place for 2021. 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 communication agencies to create additional advertising trading agreements and frameworks.</p>

Continued next page →

## Strategic Report (continued)

## Principal risks and uncertainties (continued)

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

### Forward looking statements

The Strategic Report on pages 94 - 97 has been prepared for the shareholders of the Company, and no other persons. The Strategic Report and other parts of this document may contain forward-looking statements or anticipated outcomes that are subject to the principal risks noted above along with, the economic and sector specific-circumstances within the markets in which the business operates. The purpose is to assist shareholders of the Company to assess the strategies adopted by the Group and the potential for those strategies to succeed, and for no other purpose. We believe that the expectations reflected in the Strategy are reasonable but they may be affected by all of the principal risks, which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in the Strategic Report, comprising the Business and Financial Reviews, will be realised. The forward-looking statements reflect the data and knowledge available at the time.

### 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. Refer to our Corporate and Social Responsibility actions on pages 98 - 99.

### 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. Refer to our Corporate and Social Responsibility actions on pages 98 - 99.



# Governance

## Directors, senior managers and employees

At 31 December 2020, there were six male directors of the Company and the Company had sixty nine other employees. Please see page 103 - 104 for details of the biographies of the directors.

## 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, 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 product suite 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"><li>• Regular reports and analysis on investors and shareholders</li><li>• Annual Report</li><li>• Company website</li><li>• Shareholder circulars</li><li>• AGM</li><li>• RNS announcements</li><li>• Press releases</li></ul>

Continued next page →

## Governance (continued)

## Section 172 Statement (continued)

Stakeholder	Why we engage	How we engage
Our Employees	Our people are at the heart of the growth of our business. Effective employee engagement leads to an effective, incentivised, healthier workforce who are invested in the success of the Group and who are all pulling in the same direction. Our engagement seeks to address any employee concerns regarding working conditions, health and safety, training and development, as well as workforce diversity.	<ul style="list-style-type: none"> <li>• Introduction of the role of Head of Human Resources</li> <li>• Evaluation and feedback processes for employees and management</li> <li>• Competitive rewards packages</li> <li>• Encouraging employee training and development</li> <li>• Flat structure communication with executive Board</li> </ul>
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 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"> <li>• Continual review of feedback from customers to ensure satisfaction</li> <li>• Dedicated team for Client Services and Operations to ensure consumer concerns are addressed</li> <li>• Face to face meetings with customers to further develop relationships.</li> <li>• Investment in content control and consumer safety through acquisition.</li> </ul>
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"> <li>• Building strong partnerships with suppliers through open two-way dialogue and regular face to face meetings.</li> <li>• Relationships with suppliers allow the ongoing review and monitoring of their performance levels</li> </ul>

The above statement should be read in conjunction with the Strategic Report (on pages 94 - 97) and the Company's Corporate Governance Statement.

The Strategic Report was approved by the Board of Directors on 26 March 2021 and was signed on its behalf by:

James Draper  
Chief Executive  
26 March 2021

# Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 December 2020.

## Strategic Report

The principal activity of the Group, its strategy and business model is set out in the pages 94 - 97.

## Corporate Governance

The Corporate Governance Report is set out on pages 98-99.

## Results and dividends

The results of the Group for the year ended 31 December 2020 are set out on page 112 and show a loss before tax and acquisition related costs for the year of £6,993,558 (2019: loss of £5,319,681). The directors do not recommend the payment of a dividend (2019: £Nil).

## Financial risk management

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

## Going Concern

The Board continues to adopt the going concern basis to the preparation of the financial statements as it is confident of the Group continuing operations into the foreseeable future. The Board's forecasts for the Group include due consideration of future capital in-flows, continued operating losses, projected increase in revenues and cash-burn of the Group (and taking account of reasonably possible changes in trading performance and also changes outside of expected trading performance) for a minimum period of at least twelve months from the date of approval of these financial statements. 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 under principal risks and uncertainties in respect of the impact the Coronavirus

pandemic on Going Concern and the approaches being taken by the Group to manage and mitigate such additional operational and financial risk the environment presents. Therefore, the Directors consider the going concern basis appropriate.

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.

## Substantial shareholders

On 31 December 2020 the following shareholders held an interest of 3% or more of the ordinary share capital of the Company:

Shareholder	Ordinary shares of 0.5p	% of issued share capital
James Draper	39,760,562	10.26%
Herald Investment Management	25,000,000	6.45%

As at 31 December 2020 no other person had reported an interest of 3% or more in the Company's ordinary shares.

## Directors' Report (continued)

## Directors

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

## Director

D Stewart	Chairman	-
J Draper	Executive	-
F Petruzzelli	Executive	-
J McIntosh	Executive	-
M Hayes	Non-Executive	-
D Wise	Non-Executive	Resigned 01 February 2021

## Directors' Emoluments

Directors during the year		Salary/Fees/ Benefits £	Share-based payment £	Total Emoluments £	2019 £
D Stewart <sup>1</sup>	Chairman	40,000	40,859	<b>80,859</b>	46,961
J Draper	Executive	150,000	1,971	<b>151,971</b>	135,000
F Petruzzelli	Executive	150,000	1,314	<b>151,314</b>	313,905
J McIntosh	Executive	120,000	31,661	<b>151,661</b>	109,667
M Hayes	Non-Executive	30,000	18,039	<b>48,039</b>	54,184
D Wise	Non-Executive	30,000	26,186	<b>56,186</b>	41,026
L Mair	Non-Executive	-	-	-	17,500
J Taylor	Non-Executive	-	-	-	17,500
		<b>520,000</b>	<b>120,030</b>	<b>640,030</b>	<b>735,743</b>

<sup>1</sup> Donald Stewart, Chairman, is also a consultant to Kepstorn Solicitors. Fees for corporate and legal services of £32,430 (2019: £79,186) were charged by Kepstorn during the year ended 31 December 2020, of which £9,150, related to Kepstorn's fees for in relation to the fundraise in June 2020. As at 31 December 2020, £Nil was owed to Kepstorn Solicitors (2019: £Nil).

### 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 two Independent Non-Executives, Donald Stewart and Mike Hayes, and three Executive Directors, James Draper, Francesco Petruzzelli and John McIntosh.

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

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

1. establish a strategy and business model which promote long-term value for shareholders
2. seek to understand and meet shareholder needs and expectations
3. take into account wider stakeholder and social responsibilities and their implications for long-term success
4. embed effective risk management, considering both opportunities and threats, throughout the organisation

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

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

#### Principle 1 – Business Model and Strategy

Bidstack is a provider of 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 above, the Board has concluded that the highest medium and long-term value can be delivered to its shareholders by focusing the Group's resources during the 2021 on business development, both technical and commercial.

For further information on the market, the future strategy of the Group and the risks the Board consider to be the most significant for potential investors, Shareholders are referred to the Strategic Update set out on pages 94 - 97.

#### 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.



## Directors' Report (continued)

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

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" set out on page 95 - 97.

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 two 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 and Mike Hayes). One Advisory, an experienced Company Secretary service, act as the Company Secretary.

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

The Board has 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.

Both Non-Executive Directors are shareholders, the board does not consider that this affects the performance of their duties. The two 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 Donald Stewart.

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 eleven 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 2019 and to approve publication of the Interim Accounts for the period to 30 June 2020. 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 Proglity 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

## Directors' Report (continued)

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

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 - Chief Financial Officer*

After qualifying with Deloitte in 1994, John worked with Sony, global advertising agency DMB&B (acquired by Publicis) and the BBC. He was CFO and COO of listed multi-media business DCD Media plc for five years until May 2012 then CFO of Progility Plc to April 2015, taking the business from a £12 million to £60 million revenue. John has worked as a consultant CFO in the UK, Europe and Hong Kong, including, since October 2016, 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 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 currently an Investment Director at AIM listed Mercia Technologies PLC, where he is Head of Digital and Digital Entertainment.

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.

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.

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

The next internal evaluation of the Board, its Committees and individual Directors and officers is due to be undertaken in Q2 of 2021 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 would appoint additional directors in the event that outstanding people with relevant skills are able to make the necessary commitment to drive the business forward.

#### **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

## Directors' Report (continued)

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

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 Michael Hayes as Chairman, 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 is responsible for adopting a new Financial Reporting Procedures Manual which was adopted by the Company on 31 January 2021. 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 2020 set out in this document.

##### *Remuneration Committee Report*

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

During the year under review, the Remuneration Committee made no new recommendations to the board in relation to the salaries and bonuses of the Chief Executive, the Chief Technical Officer and the Chief Financial Officer 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 on page 102. These include basic salary, bonus and the estimated monetary value of benefits in kind.

## Directors' Report (continued)

### Director's interests

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

#### 31 December 2020

Director	Ordinary Shares	Warrants			Options			
		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	2,024,876	-	-	-	-	1,000,000	-	-
J Draper	39,760,562	-	-	-	-	5,000,000	-	-
F Petruzzelli	5,750,000	-	4,799,500	7,500,000	-	10,000,000	-	-
J McIntosh	950,000	-	-	1,000,000	-	500,000	-	-
M Hayes	500,000	-	-	-	700,000	300,000	-	-

#### 31 December 2019

Director	Ordinary Shares	Warrants			Options			
		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	-	-

## Directors' Report (continued)

### 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

26th March 2021



# 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 2020 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 2020 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.

## 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. We also audited the newly incorporated subsidiary, Bidstack SIA, to Group materiality. We conducted the audit remotely due to the Coronavirus pandemic but conducted frequent meetings with Bidstack employees and were able to obtain all the information we required. Our audit consisted principally of substantive test of detail as this was deemed the most efficient and effective way of amassing sufficient reliable audit evidence.

## 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 £6.4 million in 2020 there is a risk that the Group may not have sufficient resources to continue trading for the foreseeable future (See note 2).

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

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.
- In particular, we challenged the central assumption around the success of an equity fundraise and obtained supporting evidence for this.

## 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,

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

### Our application of materiality (continued)

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 £89,000 which is 2% of total assets, which is within our range for calculating materiality using a gross measure as the benchmark.

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 £66,750.

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 £4,450. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

### Other information

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

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

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

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

- The information given in the strategic report and the

directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 108, 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

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

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Inspecting correspondence with regulators and tax authorities;

Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

Identifying and testing journals, in particular journal entries that might be inappropriately inflating revenue and intangible assets; and

Challenging assumptions and judgements made by management in their critical accounting estimates

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Cliffe (Senior Statutory Auditor)

for and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

Date: 26th March 2021

# Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Revenue		1,695,620	140,391
Cost of Sales		(1,470,389)	(106,697)
<b>Gross Profit</b>		<b>225,231</b>	<b>33,694</b>
Administrative expenses	5	(7,218,789)	(5,353,375)
<b>Operating loss before acquisition related costs</b>		<b>(6,993,558)</b>	<b>(5,319,681)</b>
Transaction costs		-	(44,833)
Share based payment on reverse acquisition		-	-
<b>Operating (loss)</b>		<b>(6,993,558)</b>	<b>(5,364,514)</b>
Finance income	8	2,525	8,060
Finance costs	8	(1,179)	(967)
<b>(Loss) before taxation</b>		<b>(6,992,212)</b>	<b>(5,357,421)</b>
Taxation	9	597,035	148,141
<b>(Loss) for the year</b>		<b>(6,395,177)</b>	<b>(5,209,280)</b>
<b>Other comprehensive income</b>			
Total other comprehensive income		-	-
<b>Total comprehensive (loss) for the year</b>		<b>(6,395,177)</b>	<b>(5,209,280)</b>
Loss per share – basic and diluted (pence)	10	(1.65)	(2.26)

The notes on pages 119-137 form part of these financial statements.



# Consolidated statement of financial position

as at 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11	279,955	310,960
Property, plant and equipment	12	28,388	22,377
Right of use asset	14	7,577	26,710
<b>Total non-current assets</b>		<b>315,920</b>	<b>360,047</b>
<b>Current assets</b>			
Trade and other receivables	16	2,391,300	533,207
Cash and cash equivalents	17	2,347,114	3,148,540
<b>Total current assets</b>		<b>4,738,414</b>	<b>3,681,747</b>
<b>Total assets</b>		<b>5,054,334</b>	<b>4,041,794</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	6,234,261	5,516,759
Share premium account	19	27,984,716	23,283,880
Share-based payment reserve	19	1,282,556	734,365
Merger relief reserve	19	6,508,673	6,508,673
Reverse acquisition reserve	19	(23,320,632)	(23,320,632)
Warrant reserve	19	71,480	71,480
Retained losses	19	(15,578,902)	(9,183,725)
<b>Total equity</b>		<b>3,182,152</b>	<b>3,610,800</b>
<b>Non-current liabilities</b>			
Lease liability	13	-	8,300
<b>Total non-current liabilities</b>		<b>-</b>	<b>8,300</b>
<b>Current liabilities</b>			
Trade and other payables	18	1,863,739	406,672
Lease liability	13	8,443	16,022
<b>Total current liabilities</b>		<b>1,872,182</b>	<b>422,692</b>
<b>Total equity and liabilities</b>		<b>5,054,334</b>	<b>4,041,794</b>

The financial statements on pages 112 were approved by the board of Directors on 26 March 2021 and signed on its behalf by:

John McIntosh  
CFO of Bidstack Group PLC

The notes on pages 119-137 form part of these financial statements.

# Company statement of financial position

as at 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right of use asset	14	7,577	26,710
Investments	15	7,477,841	7,477,841
<b>Total non-current assets</b>		<b>7,485,418</b>	<b>7,504,551</b>
<b>Current assets</b>			
Trade and other receivables	16	10,376,056	4,638,373
Cash and cash equivalents	17	2,286,435	3,040,326
<b>Total current assets</b>		<b>12,662,491</b>	<b>7,678,699</b>
<b>Total assets</b>		<b>20,147,909</b>	<b>15,183,250</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	6,234,261	5,516,759
Share premium account	19	27,984,716	23,283,880
Share-based payment reserve	19	1,282,556	734,365
Merger relief reserve	19	6,508,673	6,508,673
Warrant reserve	19	76,457	76,457
Retained losses	19	(22,190,773)	(21,036,180)
<b>Total equity</b>		<b>19,895,890</b>	<b>15,083,954</b>
<b>Non-current liabilities</b>			
Lease liability	13	-	8,300
<b>Total non-current liabilities</b>		<b>-</b>	<b>8,300</b>
<b>Current liabilities</b>			
Trade and other payables	18	243,576	74,974
Lease liability	13	8,443	16,022
<b>Total current liabilities</b>		<b>252,019</b>	<b>90,997</b>
<b>Total equity and liabilities</b>		<b>20,147,909</b>	<b>15,183,250</b>

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £1,154,593 (2019: loss of £1,186,419).

The financial statements on pages 112 were approved by the board of Directors on 26 March 2021 and signed on its behalf by:

John McIntosh  
CFO of Bidstack Group PLC

The notes on 119 - 137 form part of these financial statements.

# Consolidated statement of changes in equity

for the year ended 31 December 2020

	Share capital £	Share premium £	Share-based payment reserve £	Merger relief reserve £	Reverse acquisition reserve £	Warrant reserve £	Retained losses £	Total equity £
<b>Balance 01/01/2019</b>	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 & total comprehensive income for the year	-	-	-	-	-	-	(5,209,280)	(5,209,280)
<b>Balance 31/12/2019</b>	<b>5,516,759</b>	<b>23,283,880</b>	<b>734,365</b>	<b>6,508,673</b>	<b>(23,320,632)</b>	<b>71,480</b>	<b>(9,183,725)</b>	<b>3,610,800</b>
Issue of shares	717,502	5,032,518	-	-	-	-	-	5,750,020
Costs of raising equity	-	(331,682)	-	-	-	-	-	(331,682)
Share-based payments	-	-	548,191	-	-	-	-	548,191
Loss & total comprehensive income for the year	-	-	-	-	-	-	(6,395,177)	(6,395,177)
<b>Balance 31/12/2020</b>	<b>6,234,261</b>	<b>27,984,716</b>	<b>1,282,556</b>	<b>6,508,673</b>	<b>(23,320,632)</b>	<b>71,480</b>	<b>(15,578,902)</b>	<b>3,182,152</b>

The notes on 119 - 137 form part of these financial statements.

# Company statement of changes in equity

for the year ended 31 December 2020

	Share capital £	Share premium £	Share-based payment reserve £	Merger relief reserve £	Warrant reserve £	Retained losses £	Total equity £
<b>Balance 01/01/2019</b>	5,286,429	18,000,247	258,060	6,213,021	76,457	(19,849,762)	9,984,453
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 & total comprehen- sive income for the year	-	-	-	-	-	(1,186,419)	(1,189,419)
<b>Balance 31/12/2019</b>	<b>5,516,759</b>	<b>23,283,880</b>	<b>734,365</b>	<b>6,508,673</b>	<b>76,457</b>	<b>(21,036,180)</b>	<b>15,083,954</b>
Issue of shares	717,502	5,032,518	-	-	-	-	5,750,020
Costs of raising funds	-	(331,682)	-	-	-	-	(331,682)
Share-based payments	-	-	548,191	-	-	-	548,191
Loss & total comprehen- sive income for the year	-	-	-	-	-	(1,154,593)	(1,154,593)
<b>Balance 31/12/2020</b>	<b>6,234,261</b>	<b>27,984,716</b>	<b>1,282,556</b>	<b>6,508,673</b>	<b>76,457</b>	<b>(22,190,773)</b>	<b>19,895,890</b>

The notes on 119 - 137 form part of these financial statements.

# Consolidated statement of cash flows

as at 31 December 2020

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>Cash flows from operating activities</b>		
(Loss) before taxation	(6,992,212)	(5,357,421)
<b>Adjustments for:</b>		
Amortisation – Intangibles	31,574	18,859
Amortisation – Right of use asset	19,621	5,337
Depreciation	13,021	8,330
Equity settled share-based payments	548,191	476,305
Doubtful debts expenses	(19,265)	325,200
Interest received	(2,525)	(8,060)
Interest paid	1,179	967
	<b>(6,400,416)</b>	<b>(4,530,483)</b>
<b>Changes in working capital</b>		
Decrease/(increase) in trade and other receivables	(1,241,792)	151,646
(Decrease)/increase in trade and other payables	1,457,069	(80,204)
Cash used in operations	<b>(6,185,139)</b>	<b>(4,459,041)</b>
<b>Net Cash used in operations</b>	<b>(6,185,139)</b>	<b>(4,459,041)</b>
<b>Cash flow from investing activities</b>		
Investment in intangible assets	(570)	(370)
Cash acquired with subsidiary	-	6,683
Investment in property, plant and equipment	(19,033)	(14,272)
<b>Net cash flow used in investing activities</b>	<b>(19,603)</b>	<b>(7,959)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	5,750,020	5,767,531
Cost of issue	(331,682)	(257,916)
Interest paid	(1,179)	(967)
Principal paid on finance leases	(16,368)	(7,725)
Interest received	2,525	8,060
<b>Net cash generated from financing activities</b>	<b>5,403,316</b>	<b>5,508,983</b>
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>	<b>(801,426)</b>	<b>1,041,983</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,148,540</b>	<b>2,106,557</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,347,114</b>	<b>3,148,540</b>

The notes on 119 - 137 form part of these financial statements.



# Company statement of cash flows

for the year ended 31 December 2020

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>Cash flows from operating activities</b>		
(Loss) before taxation	(1,154,593)	(1,186,419)
<b>Adjustments for:</b>		
Amortisation – Right of use asset	19,621	5,337
Share based payments	548,191	476,305
Interest received	(2,525)	(8,060)
Interest paid	1,134	967
	<u>(588,172)</u>	<u>(711,870)</u>
<b>Changes in working capital</b>		
Decrease/(increase) in trade and other receivables	48,018	36,524
(Decrease)/increase in trade and other payables	168,602	(52,187)
<b>Net cash generated from/(used in) operations</b>	<u>216,620</u>	<u>(15,663)</u>
<b>Cash flow from investing activities</b>		
Change in intercompany	(5,785,700)	(3,828,244)
<b>Net cash flow used in investing activities</b>	<u>(5,785,700)</u>	<u>(3,828,244)</u>
<b>Cash flow from financing activities</b>		
Issue of ordinary shares for cash	5,750,020	5,767,531
Costs directly related to issue of shares	(331,682)	(257,916)
Interest paid on lease liabilities	(1,134)	(967)
Principal paid on finance leases	(16,368)	(7,725)
Interest received	2,525	8,060
<b>Net cash generated from financing activities</b>	<u>5,403,361</u>	<u>5,508,983</u>
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>	(753,891)	953,206
<b>Cash and cash equivalents at beginning of year</b>	3,040,326	2,087,120
<b>Cash and cash equivalents at the end of the year</b>	<u>2,286,435</u>	<u>3,040,326</u>

The notes on 119 - 137 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 on a going concern basis in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union ("IFRS-EU"), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

### Consolidation

The consolidated financial statements consolidate the financial statements of the Company and the results of its subsidiary undertakings Bidstack Limited, Minimised Media 'Pubguard' and Bidstack SIA, made up to 31 December 2020.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

### Going concern

The Board continues to adopt the going concern basis to the preparation of the financial statements as it is confident of the Group continuing operations into the foreseeable future. The Board's forecasts for the Group include due consideration of future capital in-flows, continued operating losses, projected increase in revenues and cash-burn of the Group (and taking account of reasonably possible changes in trading performance and also changes outside of expected trading performance) for a minimum period of at least twelve months from the date of approval of these financial statements. 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 under principal risks and uncertainties in respect of the impact the Coronavirus pandemic on Going Concern and the approaches being taken by the Group to manage and mitigate such additional operational and financial risk the environment presents. Therefore, the Directors consider the going concern basis appropriate.

The Directors have stress tested the Group's cash projections, which involves preserving cash flows and adopting a policy of minimal cash spending for a period of at least 12 months from the date of approval of these financial statements. The Directors believe the measures they have put in place and will result in sufficient working capital and cash flows to continue in operational existence.

The financial statements have been prepared on a going concern basis and do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on page 92.

The financial statements at 31 December 2020 show that the Group generated an operating loss for the year of £6.4 million (2019: £5.2 million) after accounting for the costs directly related to the issue of shares of £0.033 million (2019: £0.025 million); with cash used in operating activities of £6.2 million (2019: £4.5 million). Group balance sheet also showed cash reserves at 31 December 2020 of £2.3 million (2019: £3.1 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

## Notes to the financial statements (continued)

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

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 on pages 95 to 97 under principal risks 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 and amended standard, and interpretations issued and effective for the financial year beginning 1 January 2020.**

The adoption of the following mentioned amendments, which were all effective for the period beginning 1 January 2020, have not had a material impact on the Group's and Company's financial statements:

- 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)

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

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 – effective 1 January 2021\*
- Amendment to IFRS 3 Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022\*
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022\*
- Annual Improvements to IFRS Standards 2018-2020 Cycle – effective 1 January 2022\*

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023\*

\*subject to EU endorsement

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 when 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

## Notes to the financial statements (continued)

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

deferred tax liabilities or other future taxable profits.

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

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

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

- The company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- The deferred tax assets and deferred tax liabilities relate to corporation tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Research and Development Tax Credits are recognised as receivables when an inflow of economic benefit is certain, until then a contingent asset in respect of probable Corporation Tax is disclosed.

#### Valuation of investments

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

#### Impairment of fixed asset investments

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

#### Leased assets

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

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

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

On initial recognition, the carrying value of the lease liability

also includes:

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

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

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

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it 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

## Notes to the financial statements (continued)

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

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 20.



## Notes to the financial statements (continued)

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

#### 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 2020 and the year ended 31 December 2019, the Group operated one business segment, that of the provision of native in-game advertising. This is used by the chief operating decision makers to perform their role, therefore, no further segmental information is provided.

### 5 - Loss for the year

	31 December 2020 £	31 December 2019 £
<b>The loss for the year has been arrived at after charging:</b>		
Depreciation of property, plant & equipment	13,023	8,330
Amortisation of Right of use assets	19,621	5,337
Amortisation of intangible assets	31,574	18,859
Equity settled share-based payments	548,191	476,305
Premises costs payments	326,386	195,491
Auditors' remuneration (note 6)	42,700	36,750

### 6 - Auditors' remuneration

	31 December 2020 £	31 December 2019 £
<b>Fees payable to the Group's auditors in respect of:</b>		
Audit of the financial statements of the Company	17,000	15,000
Audit of the financial statements of the Company's subsidiary	21,000	12,000
Other services in relation to the audit	4,700	8,000
Other services in relation to taxation	0	1,750
	<b>42,700</b>	<b>36,750</b>

## Notes to the financial statements (continued)

### 7 - Employees and directors

Staff costs, including directors, comprise:

	31 December 2020 £	31 December 2019 £
Wages and salaries	2,792,060	1,480,614
Redundancy costs	-	19,506
Social security costs	306,064	169,593
Share-based payment expense	425,002	303,885
	<b>3,523,126</b>	<b>1,973,598</b>

Directors' remuneration is as follows:

	31 December 2020 £	31 December 2019 £
Salaries and fees	520,000	476,943
Bonus	-	-
Pension	3,284	1,554
Share-based payment expense	116,745	258,760
	<b>640,029</b>	<b>737,257</b>

	2020	2019
Average number of directors	6	6
Average number of employees	49	20

#### 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 2020 £	31 December 2019 £
Salaries and fees	729,322	597,854
Pension	18,028	16,364
Share-based payments	161,687	287,252
<b>Total</b>	<b>909,037</b>	<b>901,470</b>

## Notes to the financial statements (continued)

## 7 - Employees and directors (continued)

## Highest paid director

	31 December 2020 £	31 December 2019 £
Salaries and fees	150,000	135,000
Post-retirement benefit	1,971	1,188
Share-based payments	-	178,905
<b>Total</b>	<b>151,971</b>	<b>315,093</b>

## 8 - Finance income and finance costs

	31 December 2020 £	31 December 2019 £
Other interest receivable and similar income	2,525	8,060
<b>Total finance income</b>	<b>2,525</b>	<b>8,060</b>

	31 December 2020 £	31 December 2019 £
Other interest payable	1,179	967
<b>Total finance costs</b>	<b>1,179</b>	<b>967</b>

## Notes to the financial statements (continued)

### 9 - Taxation

#### Reconciliation of effective tax rate

Tax assessed for the year is lower than (2019: lower than) the standard rate corporation tax of 19% (2019: 19%). The differences are explained below:

	31 December 2020 £	31 December 2019 £
Loss before tax	(6,992,208)	(5,357,421)
Tax using the UK corporation tax rate of 19% (2019: 19%)	(1,328,520)	(1,017,910)
Surrender of tax losses for Research and Development tax credit refund	-	22,045
Research and development tax credit	-	(52,611)
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	110,994	145,615
Adjustment for prior period	(597,034)	(77,106)
Deferred tax not recognised	1,390,248	831,826
<b>Total tax charge</b>	<b>(597,035)</b>	<b>(148,141)</b>

The Group has tax losses of approximately £14,612,816 (2019: loss of £9,490,506) to carry forward against future taxable profits.

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

Contingent asset: There is a contingent asset in relation to the research and development tax credit claim for the year ending 31 December 2020 however the claim has not been finalised yet so this asset cannot be quantified at this point.

### 10 - Loss per share

The loss per share is based upon the loss of £6,395,177 (2019: loss of £5,209,280) and the weighted average number of ordinary shares in issue for the year of 387,633,342 (2019: 230,957,900).

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 - Intangible assets - Group

	Website costs £	Trademarks £	Software £	Brand £	Goodwill £	Total £
<b>Cost</b>						
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
<b>Amortisation</b>						
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
<b>Cost</b>						
At 1 January 2020	48,618	890	88,205	29,402	168,000	335,115
Additions	-	570	-	-	-	570
At 31 December 2020	48,618	1,460	88,205	29,402	168,000	335,685
<b>Amortisation</b>						
At 1 January 2020	14,915	193	6,785	2,262	-	24,155
Charge	9,659	204	16,284	5,428	-	31,575
At 31 December 202	24,574	397	23,069	7,690	-	55,730
<b>Net Book Value</b>						
At 31 December 2020	24,044	1,063	65,136	21,712	168,000	279,955
At 31 December 2019	33,703	697	81,420	27,140	168,000	310,960



## Notes to the financial statements (continued)

### 12 - Property, plant and equipment - Group

	Office Equipment £	Computer Equipment £	Total £
<b>Cost</b>			
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
<b>Depreciation</b>			
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
<b>Cost</b>			
At 1 January 2020	8,407	28,976	37,383
Additions	2,478	16,555	19,003
At 31 December 2020	10,885	45,531	56,416
<b>Depreciation</b>			
At 1 January 2020	1,217	13,789	15,006
Charge	2,984	10,038	13,022
At 31 December 2020	4,201	23,827	28,028
<b>Net book value</b>			
At 31 December 2020	6,684	21,704	28,388
At 31 December 2019	7,190	15,187	22,377

## Notes to the financial statements (continued)

## 13 - Lease liability

**Nature of leasing activities**

Bidstack Group Plc leases several computer equipment assets for its office space. Lease terms are negotiated on an individual basis and contains separate terms and conditions. The Group currently utilised flexible office space for premises.

	31 December 2020 No.
Number of active leases	1

**Lease liability at year end**

	31 December 2020 £
<b>Non-current</b>	
Lease liability	-
<b>Current</b>	
Lease liability	8,443
	<u>8,443</u>
<b>Total lease liability</b>	<u>8,443</u>

**Analysis of lease liability**

	Lease Liability £
At 1 January 2020	24,322
Additions	-
Interest expense	1,134
Lease payments	(17,013)
<b>At 31 December 2020</b>	<u>8,443</u>

**Analysis of gross value of lease liabilities**

	Lease Liability £
<b>Maturity of the lease liabilities is analysed as follows:</b>	
Within 1 year	8,433
Later than 1 year and less than 5 years	-
After 5 years	-
<b>At 31 December 2020</b>	<u>8,443</u>

## Notes to the financial statements (continued)

### 14 - Right of use assets

	Computer Equipment £
<b>Cost</b>	
At 1 January 2020	32,047
Additions	488
At 31 December 2020	<u>32,535</u>
<b>Amortisation</b>	
At 1 January 2020	5,337
Charge	19,621
At 31 December 2020	<u>24,958</u>
<b>Net book value</b>	
At 31 December 2020	<u>7,577</u>

### 15 - Investments - Company

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

## Notes to the financial statements (continued)

## 15 - Investments - Company (continued)

## Principal subsidiary undertakings of the Company

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

The subsidiary undertaking of the Company is presented below:

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

## 16 - Trade and other receivables

	Group		Company	
	31 December 2020 £	31 December 2019 £	31 December 2020 £	31 December 2019 £
Trade receivables	1,200,922	131,525	-	-
Prepayments and accrued income	370,479	48,916	33,337	17,229
Other receivables	273,357	204,625	10,342,719	4,621,144
Corporation tax	546,542	148,141	-	-
	<b>2,391,300</b>	<b>533,207</b>	<b>10,376,056</b>	<b>4,638,373</b>

As at the date of approving these financial statements, £893,343 in relation to the year end trade debtors balance was received by the group.

## Analysis of trade receivables

Days	<30 £	31-60 £	61-90 £	> 90 £	Total Gross £	ECL £	Total Net £
2020	855,855	276,779	9,010	59,278	1,200,922	-	1,200,922
2019	39,556	81,901	199	9,869	131,525	-	131,525

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

## Notes to the financial statements (continued)

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

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.

A contingent asset in respect of probable Corporation Tax receivable relating to 2020 has been disclosed as an inflow of economic benefit is probable. As at the date of signing the financial statements, the amount has not been calculated or agreed.

### 17 - Cash and cash equivalents

	Group		Company	
	31 December 2020 £	31 December 2019 £	31 December 2020 £	31 December 2019 £
Cash and cash equivalents	2,347,114	3,148,540	2,286,435	3,040,326

### 18 - Trade and other payables

	Group		Company	
	31 December 2020 £	31 December 2019 £	31 December 2020 £	31 December 2019 £
Trade payables	494,671	163,696	92,896	5,550
Taxation and social security	153,353	73,278	4,200	8,098
Other payables	46,086	7,858	-	-
Accruals	1,169,629	161,840	146,480	61,326
	1,863,739	406,672	243,576	74,974

### 19 - Share capital and reserves

#### Allotted, called up and fully paid

	Ordinary 0.5p shares No.	Share Capital £
At 1 January 2020	244,873,646	5,516,759
Exercised warrants	1,000,411	5,002
Issue of placing shares	142,500,000	712,500
<b>As at 31 December 2020</b>	<b>388,374,057</b>	<b>6,234,261</b>

## Notes to the financial statements (continued)

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

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

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

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

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

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

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

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

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

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

### 20 - 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.

	2020		2019	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	38,549,503	0.18	30,132,837	0.122
Granted during the year	7,833,339	0.11	8,750,000	0.09
Forfeited/waived during the year	-	-	-	-
Exercised during the year	-	-	(333,334)	0.06
<b>Total outstanding</b>	<b>46,382,842</b>	<b>0.11</b>	<b>38,549,503</b>	<b>0.09</b>
<b>Total exercisable</b>	<b>33,049,500</b>	<b>0.13</b>	<b>27,299,500</b>	<b>0.13</b>

On 30 October 2019, the Company granted 2,166,667 options under the unapproved scheme. The options are exercisable at 19p 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.

On 04 June 2020, the Company granted 5,666,672 options under the unapproved scheme. The options are exercisable at 6p 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.



## Notes to the financial statements (continued)

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

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

Grant date	29 Oct 19	04 Jun 20	04 Jun 20	04 Jun 20
Share price at grant date	0.2050	0.0563	0.0563	0.0563
Exercise prices	0.19	0.1075	0.25	0.60
Expected volatility	94.59%	129.53%	129.53%	129.53%
Contractual life	10 years	10 years	10 years	10 years

The weighted average contractual life of the options is 4 years and 279 days (2019: 4 years and 188 days)

### Warrants

	2020		2019	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	3,887,912	10p	8,751,028	13.7p
Issued during the year	-	-	-	-
Forfeited during the year	(1,637,500)		-	
Exercised during the year	(1,000,411)	5p	(4,863,116)	15.37p
<b>Total outstanding and exercisable</b>	<b>1,250,001</b>	<b>6p</b>	<b>3,887,912</b>	<b>9.71p</b>

The Company granted no warrants during the year ended 31 December 2020.

The charge for the year for warrants and options amounted to £548,192 (2019: £540,488), charged to the statement of comprehensive income.

### 21 - Premises costs commitments

	Group		Company	
	31 December 2020 £	31 December 2019 £	31 December 2020 £	31 December 2019 £
Within one year	352,800	87,540	-	-
	<b>352,800</b>	<b>87,540</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

**22 - 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 2020 £	31 December 2019 £
Trade receivables	1,200,922	131,525
Other receivables	97,626	116,256
Cash and cash equivalents	2,347,113	3,148,540
<b>Total financial assets</b>	<b>3,645,661</b>	<b>3,396,321</b>

**Financial liabilities**

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

	31 December 2020 £	31 December 2019 £
Trade payables	494,671	163,696
Other payables	7,918	6,873
Accruals	1,164,629	161,840
<b>Total financial liabilities</b>	<b>1,667,218</b>	<b>332,409</b>

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

**Risk management****General objectives, policies and processes**

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

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

## Notes to the financial statements (continued)

### 22 - Financial instruments (continued)

Further details regarding these policies are set out below:

#### Capital risk management

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

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

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

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

#### Credit risk and impairment

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise the risk, the 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 £10,030,230 at 31 December 2020 (2019: £4,405,090). 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.

### 23 - Related parties

#### Transactions with subsidiaries

During the year, cash advances of £5,897,736 (2019: £3,510,001) were made to Bidstack Ltd and incurred net costs of £376,746 that were paid on behalf by the Company (2019: £176,314). 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 £10,030,230 (2019: £4,405,090).

During the year, cash advances of £17,900 (2019: £66,000) and repayments of £73,677 (2019: £nil) were made to Minimised Media Ltd. Net costs were incurred of £54,496 that were paid on behalf by the Company (2019: £75,928). 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 £140,648 (2019: £141,928).

During the year, net costs were incurred of £160,841 by Bidstack SIA that were paid on behalf of the Company (2019: £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 amounts to £161,841 (2019: £Nil).

#### Transactions with other related parties

During the year the Group paid £32,430 to Kepstorn Solicitors, of which Donald Stewart is a director and shareholder (2019: £85,399). 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 £Nil (2019: £23,941).

During the year the Company paid £Nil to CP Limited, of which John McIntosh is a director and shareholder (2019: £25,000). The invoices were for consulting work during the year. All transactions have been conducted at arm's length.

## Notes to the financial statements (continued)

### 23 - Related parties (continued)

At the year end, the balance due to CP Limited was £Nil (2019: £Nil).

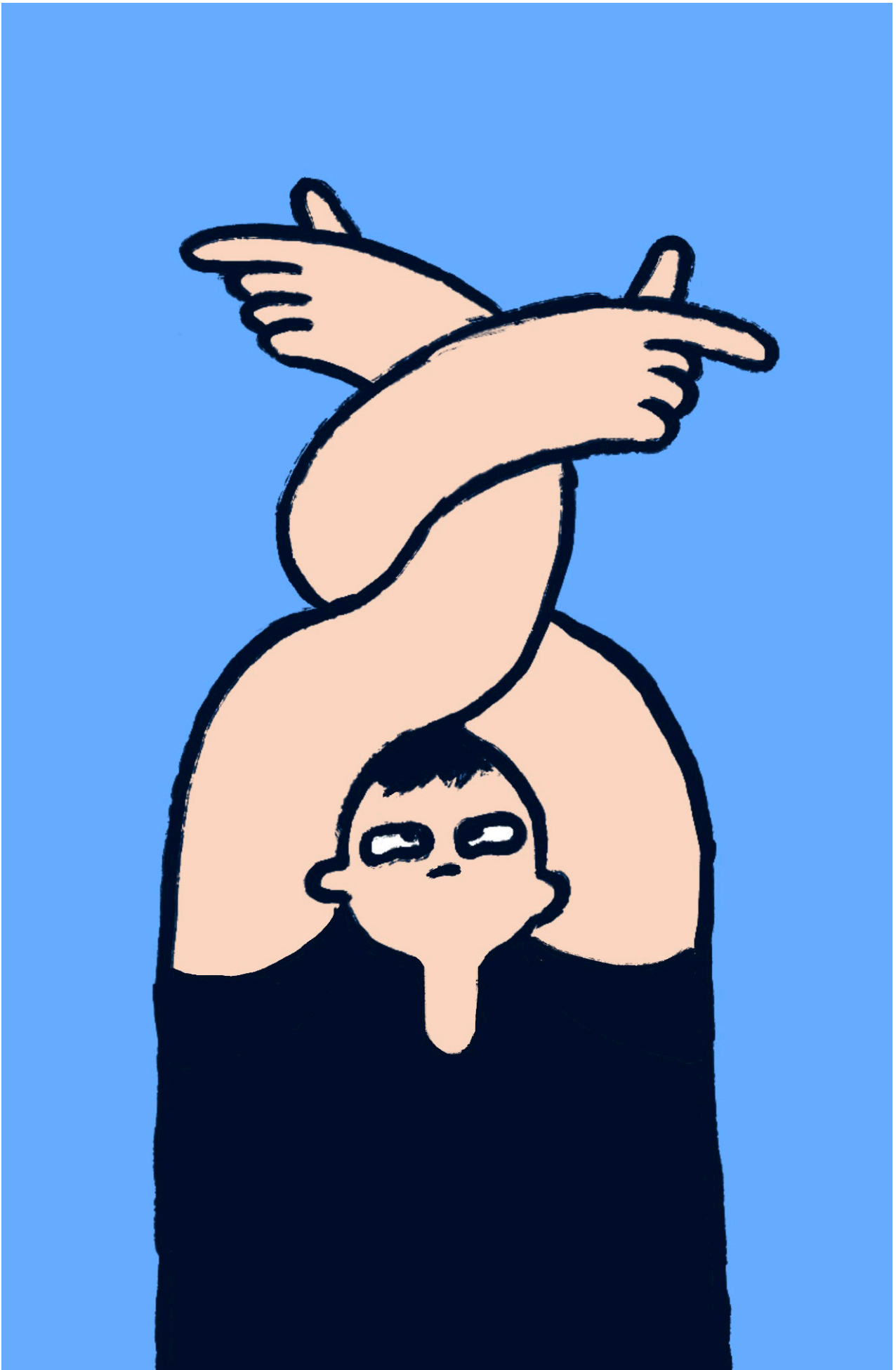
Lindsay Mair, a former Director who served during the previous year until his resignation, received £Nil (2019: £250) from the Company for reimbursement of expenses for the year. As at 31 December 2020, £Nil (2019: £Nil) was owing to Mr Mair.

John McIntosh, Finance Director invoiced £1,902 (2019: £10,076) to the Company for reimbursement of expenses for the year. As at 31 December 2020, £Nil (2019: £2,278) was owing to Mr McIntosh.

Donald Stewart, Chairman, received £Nil (2019: £987) from the Company for reimbursement of expenses for his 2020 expenses. As at 31 December 2020, £Nil (2019: £Nil) was owing to Mr Stewart.

Francesco Petruzzelli, Director, claimed £14,457 (2019: £120,788) from the Company for reimbursement of expenses for the year. As at 31 December 2020, £655 (2019: £20,537 owed to) was due from Mr Petruzzelli to the company.

James Draper, Director and Chief Executive Officer, claimed £1,610 from the Company for reimbursement of expenses for the year (2019: £1,837). As at 31 December 2020, £Nil (2019: £Nil) was owing to Mr Draper.



# Glossary

## AAA (Triple-A) Games

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

## Ad Approval

---

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

## Ad Inventory

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Available advertisement inventory generated and made available to be sold.

## Ad Measurement

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

## Ad Server

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

## Ad Unit

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

## Agency Holding Groups

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



### Artificial Intelligence (AI)

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AI is intelligence demonstrated by machines.

### Banner

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An online advertisement ad unit which has specific dimensions.

### Brand Awareness

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

### Brand Perception

---

Measures the consumers perceived quality of the brand.

### Brand Recall

---

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

### Brand Recognition

---

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

### Brand Uplift Studies

---

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

### Campaign Activation

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

### Comscore

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

### CPG

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

### Deal ID

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

### Demand or Buy Side

---

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

### Dentsu DGame

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

### Display ads

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

### Esports

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

### F2P games

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

### Game Engine

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

### IAB

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

### IAB Gold Standard

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

### In-Housing

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

### In-Stream

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

### Interstitials

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

### Long tail

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

### Loot Boxes

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

## Lumen

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

## Machine Learning

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

## Malvertising

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

## Metadata

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

## Microtransactions

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

## Nielsen

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An information, data and market measurement firm.

## O&O

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

### Open Exchange

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

### Moat by Oracle

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

### Purchase Intent

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

### Rewarded Video

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

### SDK

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

### Self-service

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

### Self-Sign-Up

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

### Supply or Sell Side

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

### Supply Side Platform or Sell Side Platform

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

### Third Party Verification

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

### Tracking Pixels

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

### UI

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

### Viewability

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

### VR

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



## Contact

# Let's continue the conversation

We're always excited to start new conversations with anyone interested in the world of in-game advertising, we look forward to hearing from you.

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