

**Kelkoo Group Limited**

**Report and consolidated financial statements**

**For the year ended 31 December 2016**

**Registered number 10015850**

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# Kelkoo Group Limited

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## **Kelkoo Group Limited**

### **Company information**

Company name: Kelkoo Group Limited

Company number: 10015850

Registered office: 6<sup>th</sup> Floor  
Portland House  
Bressenden Place  
London  
SW1E 5BH

Directors: Richard Stables  
Michael Cress

Auditor: Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

Solicitors: Olswang LLP  
90 High Holborn  
London  
WC1V 6XX

## **Kelkoo Group Limited**

### **Strategic report**

#### **Principal activities and review of the business**

The principal activity of the group is the provision of online price comparison and online lead generation to advertisers.

#### **Key performance indicators**

Given the straightforward nature of the business, the directors believe that turnover and profitability are the most appropriate key performance indicators for an understanding of the development, performance or position of the business.

#### **Turnover and profitability**

The group's turnover for the year amounted to €35,684k (2015: €39,189k) and the group's operating loss for the period is €2,854k (2015: €2,878k). The group experienced a decline in turnover during the year as a result of the demerger of Vivamet and a decline in traffic to the group's websites.

The group's results are affected by corporate restructuring and acquisition activity during 2016. The 2016 results contain five months of trading for Vivamet Group, which was demerged on 27 May 2016. In addition, the group acquired LeGuide.com SAS on 30 September 2016, and therefore the 2016 results contain three months of activity from that acquired subsidiary.

The group's profitability includes significant non-cash charges including amortisation of intangible assets and non-cash interest expense on shareholder loans.

On a like-for-like basis the group has realised reductions in the level of administrative expenses compared with prior period.

#### **Group Structure**

The group underwent a significant restructure in May 2016 and Tamsa Limited, former ultimate parent company of the group, transferred all of its shares in Jamplant Limited to a newly formed UK holding company named Kelkoo Group Limited, incorporated 19 February 2016. From this point onwards, Tamsa ceased to be the parent company of the group and remains a dormant subsidiary of the newly formed company. Tamsa Limited also transferred its 40% shares in the Vivamet group to a newly formed UK holding company named Gavcapital Limited. Both Gavcapital Limited and Kelkoo Group Limited have common shareholders.

The group, through its newly formed subsidiary Whitewater Capital Limited, acquired 100% of LeGuide.com SAS group ("LeGuide group") on 30 September 2016. LeGuide group comprises of LeGuide.com SAS and Gooster S.a.r.l, both French-based businesses, DooYoo GmbH, a German-based business, and DooYoo UK Limited, a UK-based business, all of which provide online price comparison and lead generation services. LeGuide group has been consolidated in the results of the group from the date of acquisition, 30 September 2016.

#### **Future developments and market opportunities**

The group's overriding objective is to achieve attractive and sustainable rates of growth and return. The group continues to invest in its e-commerce platform and explore opportunities for expansion into new global markets.

The acquisition of the LeGuide group will enhance Kelkoo group's positioning in several European markets. The group is also continuing its market expansion with the launch of its price comparison websites in the USA and Mexico in 2017.

On 27 June 2017 the European Commission issued a decision and fine of €2.42 billion against Google for abusing its market dominance as a search engine by giving illegal advantage to its own comparison shopping service. The decision requires Google to stop its illegal conduct within 90 days of the decision and this may create new opportunities for the group to further enhance its position.

## Kelkoo Group Limited

### Strategic report (continued)

#### Principal risks and uncertainties

##### *Currency risk*

As a result of the group's multinational operations, the group's financial position and operating results can be significantly affected by movements in foreign currency exchange rates. However the group's payments to traffic providers are generally in the same currency in which the group earns revenue from its customers, which provides a natural hedge against currency movements.

##### *Liquidity and cash flow risk*

The group's policy is to ensure that sufficient resources are available either from cash balances, operating cash flows or near cash liquid investments to ensure all obligations can be met when they fall due.

##### *Credit risk*

The group has no significant concentrations of credit risk. Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually being monitored.

##### *Competitor Risk*

The group operates in a highly competitive online advertising marketplace and is subject to innovation and new market entrants. The group's competitors include not only other price comparison websites, but also other performance-based advertising platforms such as online advertising exchanges and search engines. Many of the group's competitors enjoy far greater financial resources and therefore may possess a greater capacity for innovative product development.

##### *Brexit*

Brexit is not expected to have a material impact on the group's trading because the group does not trade in physical goods and the group maintains several legal entities within the EU.

Signed on behalf of the board

Richard Stables  
Director



Date

October 30<sup>th</sup>, 2017

## **Kelkoo Group Limited**

### **Directors' report**

The directors present their report and audited consolidated financial statements for the year ended 31 December 2016

#### **Matters covered in the Strategic Report**

Certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 2-3. These matters relate to the principal activity, business review, key performance indicators, future developments and market opportunities, and principal risks and uncertainties.

#### **Results and dividends**

The group's loss for the year, after taxation and attributable to equity shareholders, amounted to €8,154k (2015: loss €8,005k).

The holding company's loss for the year was €2,293k (2015: loss €51k).

No dividends were paid in respect of the year ended 31 December 2016 (2015: €nil).

#### **Research and development**

Following the purchase of the intellectual property assets from Jolt Limited in January 2015, the group now incurs costs to research, develop and maintain the intellectual property of the Kelkoo group. Refer to note 3 for further details.

#### **Directors and secretary and their interests**

The present membership of the Board is set out on page 1. During the year to 31 December 2016, the subsidiaries of the company issued ordinary shares to the directors and these are disclosed in note 5. There were no such interests held by the directors for the year ending 31 December 2015.

#### **Employees**

Details of the number of employees and related costs can be found in note 4 to the financial statements

#### **Going concern**

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2-3.

The group's approved forecasts and projections, taking account of reasonably possible changes in trading performance show that the group should be able to operate within the level of its current shareholder loan funding and available bank balances. The shareholder's loans are due for repayment in November 2020. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual consolidated financial statements.

#### **Policy of payment to suppliers**

It is the group's policy that all transactions are settled in accordance with relevant terms and conditions of business agreed with suppliers, provided all such terms and conditions have been complied with.

#### **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.

## Kelkoo Group Limited

### Directors' report (continued)

#### Statement of directors' responsibilities (continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period

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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

#### Events after the end of the reporting period

In 2017, the board approved a partial repayment of accrued interest on the loan from the shareholders. The repayments were made in April, May and June 2017 for a total amount of €881k.

#### Disclosure of information to the auditor

So far as the directors are aware.

- there is no relevant audit information of which the group and company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the group and company's auditor is aware of that information, and taken such other steps for that purpose, as were required by his duty as director of the company to exercise due care, skill and diligence.

#### Auditor

Mazars LLP have expressed their willingness to continue in office and a resolution to reappoint Mazars LLP as auditors will be proposed at the Annual General Meeting.

Signed on behalf of the board

Richard Stables  
Director



Date

October 30<sup>th</sup> 2017

## **Kelkoo Group Limited**

### **Independent auditor's report to the members of Kelkoo Group Limited**

We have audited the financial statements of Kelkoo Group Limited for the year ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 4-5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the financial statements**

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 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion 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 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.



## **Kelkoo Group Limited**

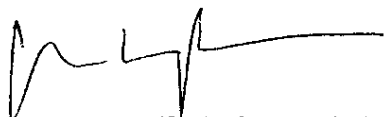
### **Independent auditor's report to the members of Kelkoo Group Limited (continued)**

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

In 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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



Claire Larquetoux (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House, St Katharine's Way, E1W 1DD, London

Date 31 October 2017

## Kelkoo Group Limited

### Consolidated income statement For the year ended 31 December 2016

	Notes	2016 €'000	2015 €'000
Turnover	2	35,684	39,189
Cost of sales		<u>(19,463)</u>	<u>(23,258)</u>
<b>Gross profit</b>		<b>16,221</b>	<b>15,931</b>
Administrative expenses		<u>(19,075)</u>	<u>(18,809)</u>
<b>Operating loss</b>	3	<b>(2,854)</b>	<b>(2,878)</b>
Interest receivable and similar income	6	53	5
Interest payable and similar charges	7	<u>(5,095)</u>	<u>(4,874)</u>
<b>Loss before taxation</b>		<b>(7,896)</b>	<b>(7,747)</b>
Tax on loss on ordinary activities	8	<u>(258)</u>	<u>(258)</u>
<b>Loss on ordinary activities after taxation</b>		<b><u>(8,154)</u></b>	<b><u>(8,005)</u></b>
<b>Attributable to:</b>			
Owners of the parent		(6,310)	(5,086)
Non-controlling interests		<u>(1,844)</u>	<u>(2,919)</u>
<b>Retained loss for the year</b>		<b><u>(8,154)</u></b>	<b><u>(8,005)</u></b>

All of the activities of the group are classed as continuing.

The accounting policies and notes on pages 16 to 40 form part of these financial statements.

## Kelkoo Group Limited

### Consolidated statement of comprehensive income For the year ended 31 December 2016

	Notes	2016 €'000	2015 €'000
Loss for the financial year		(8,154)	(8,005)
Actuarial loss on defined benefit pension scheme	13	(45)	(5)
Exchange difference on retranslation of subsidiary undertakings		(588)	667
<b>Total comprehensive loss for the year</b>		<b>(8,787)</b>	<b>(7,343)</b>
<b>Attributable to:</b>			
Owners of the parent		(6,943)	(4,424)
Non-controlling interests		(1,844)	(2,919)
<b>Total comprehensive loss for the year</b>		<b>(8,787)</b>	<b>(7,343)</b>

The accounting policies and notes on pages 16 to 40 form part of these financial statements.

## Kelkoo Group Limited

### Consolidated balance sheet As at 31 December 2016

		2016	2015
	Notes	€'000	€'000
<b>Fixed assets</b>			
Intangible assets	9	3,135	2,835
Tangible assets	10	537	240
		<u>3,672</u>	<u>3,075</u>
<b>Current assets</b>			
Debtors	11	12,470	11,157
Cash at bank and in hand		9,631	3,439
		<u>22,101</u>	<u>14,596</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(12,476)</u>	<u>(8,732)</u>
<b>Net current assets</b>		<u>9,625</u>	<u>5,864</u>
<b>Total assets less current liabilities</b>		<u>13,297</u>	<u>8,939</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(63,656)</u>	<u>(62,066)</u>
<b>Net liabilities excluding pension liability</b>		<u>(50,359)</u>	<u>(53,127)</u>
Pension liability	13	<u>(504)</u>	<u>(375)</u>
<b>Net liabilities including pension liability</b>		<u>(50,863)</u>	<u>(53,502)</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Share premium account		60	-
Merger reserve		-	60
Foreign currency translation reserve		531	1,118
Profit and loss account		<u>(50,419)</u>	<u>(48,479)</u>
<b>Shareholders' deficit - equity</b>		<u>(49,828)</u>	<u>(47,301)</u>
Non-controlling interests	16	<u>(1,035)</u>	<u>(6,201)</u>
<b>Total capital employed</b>		<u>(50,863)</u>	<u>(53,502)</u>

These financial statements were approved by the directors and authorised for issue on  
signed on their behalf by:

*Richard Stables*  
2017

Richard Stables  
Director

Company number: 10015850



The accounting policies and notes on pages 16 to 40 form part of these financial statements.

## Kelkoo Group Limited

Company balance sheet  
As at 31 December 2016

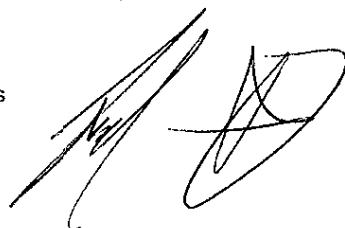
		2016
	Notes	€'000
<b>Fixed assets</b>		
Investments in subsidiary undertakings	18	<u>1</u>
		<u>1</u>
<b>Current assets</b>		
Debtors	11	<u>4</u>
		<u>4</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,238)</u>
<b>Net current liabilities</b>		<u>(2,234)</u>
<b>Total assets less current liabilities</b>		<u>(2,233)</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>-</u>
<b>Net liabilities</b>		<u>(2,233)</u>
<b>Capital and reserves</b>		
Called up share capital presented as equity	14	-
Share premium account		60
Profit and loss account		<u>(2,293)</u>
<b>Shareholders' deficit - equity</b>		<u>(2,233)</u>

These financial statements were approved by the directors and authorised for issue on  
are signed on their behalf by:

*Alto J. A.*  
2017

and

Richard Stables  
Director



## Kelkoo Group Limited

### Consolidated statement of changes in equity At 31 December 2016

	Called up share capital €'000	Share premium account €'000	Merger reserve €'000	Foreign currency translation reserve €'000	Profit and loss account €'000	Total €'000	Non- controlling interest €'000	Total €'000
<b>At 1 January 2015</b>	-	-	60	451	(43,230)	(42,719)	(3,691)	(46,410)
Loss for the period	-	-	-	-	(5,086)	(5,086)	(2,919)	(8,005)
<i>Other comprehensive income/(loss):</i>								
Currency translation differences	-	-	-	667	-	667	-	667
Actuarial gain on defined benefit pension schemes (net of tax)	-	-	-	-	(5)	(5)	-	(5)
<b>Total comprehensive loss for the period ended 31 December 2015</b>	-	-	-	667	(5,091)	(4,424)	(2,919)	(7,343)
<i>Transactions with equity holders:</i>								
Changes in non-controlling interests	-	-	-	-	-	-	647	647
Purchase of non-controlling interests	-	-	-	-	(158)	(158)	(238)	(396)
<b>At 31 December 2015</b>	-	-	60	1,118	(48,479)	(47,301)	(6,201)	(53,502)
<b>At 1 January 2016</b>	-	-	60	1,118	(48,479)	(47,301)	(6,201)	(53,502)
Loss for the period	-	-	-	-	(6,310)	(6,310)	(1,844)	(8,154)
<i>Other comprehensive income/(loss):</i>								
Currency translation differences	-	-	-	(587)	-	(587)	-	(587)
Actuarial gain on defined benefit pension schemes (net of tax)	-	-	-	-	(45)	(45)	-	(45)
<b>Total comprehensive loss for the period ended 31 December 2016</b>	-	-	-	(587)	(6,355)	(6,942)	(1,844)	(8,786)
<i>Transactions with equity holders:</i>								
Demerger of Vivamei group	-	-	-	-	4,467	4,467	6,633	11,100
Issue of share capital	-	60	(60)	-	-	-	35	35
Changes in non-controlling interests	-	-	-	-	-	-	342	342
Purchase of non-controlling interests	-	-	-	-	(52)	(52)	-	(52)
<b>At 31 December 2016</b>	-	60	-	531	(50,419)	(49,828)	(1,036)	(50,863)

## **Kelkoo Group Limited**

### **Consolidated statement of changes in equity (continued)**

#### **Called up share capital**

Called up share capital account represents the nominal value of the shares that have been issued.

#### **Share premium**

Share premium represents the premium on shares issued.

#### **Merger reserve**

The merger reserve represents the difference between the nominal value of shares issued by Kelkoo Group Limited in exchange for the nominal value of shares acquired from Tamsa Limited as part of the group reorganisation detailed in note 24.

#### **Foreign currency translation reserve**

Foreign currency translation reserve includes foreign exchange gains and losses on translation of reserves of foreign subsidiary undertakings as defined in the foreign exchange accounting policy above.

#### **Profit and loss reserve**

The profit and loss reserve represents cumulative profits or losses and actuarial gains and losses on defined benefit pension schemes

#### **Non-controlling interest**

The non controlling interest reserve represents the equity of the minority interest holders.

**The accounting policies and notes on pages 16 to 40 form part of these financial statements.**

## Kelkoo Group Limited

### Company statement of changes in equity At 31 December 2016

	Called up share capital €'000	Share premium €'000	Profit and loss account €'000	Total €'000
<b>At 1 January 2016</b>	-	-	-	-
Loss for the period	-	-	(2,293)	(2,293)
<b>Total comprehensive loss for the period ended 31 December 2016</b>	-	-	(2,293)	(2,293)
Issue of share capital	-	60	-	60
<b>At 31 December 2016</b>	-	60	(2,293)	(2,233)

#### **Called up share capital**

Called up share capital account represents the nominal value of the shares that have been issued.

#### **Share premium**

Share premium represents the premium on shares issued.

#### **Profit and loss reserve**

The profit and loss reserve represents cumulative profits or losses.

The accounting policies and notes on pages 16 to 40 form part of these financial statements.



## Kelkoo Group Limited

### Consolidated cash flow statement For the year ended 31 December 2016

	Note	2016 €'000	2015 €'000
<b>Operating loss</b>		<b>(2,854)</b>	<b>(2,878)</b>
Foreign exchange (gain)/loss		(484)	881
Depreciation of tangible fixed assets		203	160
Amortisation of intangible assets		1,522	1,421
Loss on disposal of tangible fixed assets		-	23
Difference between pension charge and cash contributions		46	42
Decrease in debtors		1,527	812
Increase in creditors		(824)	(2,353)
<b>Cash from operations</b>		<b>(864)</b>	<b>(1,892)</b>
Taxation paid		(58)	(137)
<b>Net cash outflow from operating activities</b>		<b>(922)</b>	<b>(2,029)</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(176)	(89)
Purchase of intangible assets		(13)	(3)
Demerger of Vivamet group		(641)	-
Acquisition of a subsidiary, net of cash acquired	25	8,310	5
Interest received		53	5
<b>Net cash inflow / (outflow) from investing activities</b>		<b>7,533</b>	<b>(87)</b>
<b>Financing activities</b>			
Borrowings repaid		(500)	(1,000)
Borrowings drawn		-	750
Interest paid		(18)	(20)
Cash proceeds from the issue of shares		35	201
<b>Net cash outflows from financing activities</b>		<b>(483)</b>	<b>(75)</b>
<b>Net increase/(decrease) in cash flows</b>		<b>6,128</b>	<b>(2,191)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,439</b>	<b>5,636</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	17	<b>6,128</b>	<b>(2,191)</b>
<b>Effect of foreign exchange rate changes</b>		<b>64</b>	<b>(6)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>9,631</b>	<b>3,439</b>

The group's results during the year include non-cash transactions associated with the group restructuring (refer to notes 19 and 24). In addition, the movement in the shareholder loan balance includes non-cash loan repayments and capitalised interest expense (refer to note 17 and 19).

The accounting policies and notes on pages 16 to 40 form part of these financial statements.

# Kelkoo Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2016

### 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group and company financial statements.

The consolidated financial statements of Kelkoo Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 30/10/17. Kelkoo Group Limited (the Company) is a limited company incorporated and domiciled in England and Wales. The registered office and principal place of business is located at Portland House, Bressenden Place, London, SW1E 5BH.

#### **Basis of preparation and statement of compliance**

The financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ('FRS 102') issued by the Financial Reporting Council, and with the Companies Act 2006. These are the first financial statements prepared under FRS 102 as the company was incorporated in 2016.

The principal accounting policies of the group and company are set out below. The directors have reviewed the accounting policies and consider that they are appropriate for the group and the company.

The functional currency of Kelkoo Group Limited is considered to be Euros (€) because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in Euros. Foreign operations are included in accordance with the policies set out below.

#### *Qualifying entity*

Kelkoo Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements.

Exemptions have been taken in relation to reconciliation of the number of shares outstanding, financial instruments, presentation of a cash flow statement, and remuneration of key management personnel.

#### **Going concern**

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 3. The group's approved forecasts and projections, taking account of reasonably possible changes in trading performance show that the group should be able to operate within the level of its current shareholder loan funding and available bank balances. The shareholder's loans are due for repayment in November 2020. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual consolidated financial statements.

#### **Basis of consolidation**

The group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings made up to 31 December 2016. The group has undergone a restructure on 27 May 2016, refer to note 24.

The results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated income statement from the date of acquisition or up to the date of disposal. Upon the acquisition of a business, fair values are attributed to the identifiable net assets acquired. The group's accounting policy in relation to goodwill is set out below.

## **Kelkoo Group Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2016 (continued)**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Results of the parent company**

As a consolidated income statement is published, a separate income statement for the parent company is omitted from the group financial statements. The loss dealt with in the financial statements of the parent company for the year was €2,293k (2015: €51k loss).

##### **Investments**

Investments in subsidiaries are accounted for at cost less impairment in the company financial statements.

##### **Turnover**

Group turnover primarily consists of fees which are recognised and invoiced to third parties on a cost-per-click basis for the usage of links to their websites from the group's online price comparison service. Turnover is stated net of value added tax and discounts.

##### **Research and development expenditure**

Research and development expenditure is written off as incurred as an expense in the income statement.

##### **Tangible assets**

The cost of tangible assets is their purchase cost, together with any incidental costs at acquisition. Tangible assets are stated at cost less accumulated depreciation and provision for any impairment. The cost is written off in equal instalments based on the estimated useful lives, which are

Leasehold improvements	-	Lease period
Office equipment	-	5 to 8 years
Computer hardware	-	3 years

##### **Intangible assets**

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful economic life.

The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows

Intellectual property – 3 years

Computer software – 3 years

Goodwill – 5 years

Trademarks – indefinite useful life

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

##### **Intellectual property**

Intellectual property is recorded at cost. Any development expenditure is written off as incurred, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit and provision is made for any impairment.

# Kelkoo Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### *Computer software*

The cost of computer software comprises its purchase cost, together with any incidental costs at acquisition. Computer software assets are stated at cost less accumulated depreciation and provision for any impairment. The cost is written off in equal instalments based on the estimated useful life.

#### *Goodwill*

Goodwill is initially measured at cost at acquisition. After initial recognition, goodwill is measured at cost less any accumulated amortisation and provision for any impairment.

#### *Trademarks*

Trademarks are recorded at cost. The assets are not amortised but analysed for impairment when indications of loss of values occur.

#### **Impairment of non-financial assets**

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Any impairment loss recognised for all assets, including goodwill, shall be reversed in a subsequent period if, and only if, the reasons for the impairment have ceased to exist.

#### **Financial instruments**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### **Short-term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

#### **Provisions for liabilities**

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

#### **Shareholder loans**

Shareholder loans which are basic financial instruments are initially recognised at the present value of cash payable to the shareholders (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance expense in the income statement.

# Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

## 1. ACCOUNTING POLICIES (continued)

### Foreign currencies

#### Functional and presentation currency

Unless otherwise stated, items included in the financial statements are presented in thousands of Euro (€'000), the currency of the primary economic environment in which the group operates (the 'functional currency').

#### Transactions and balances

Transactions in foreign currencies are recorded at the rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the income statement

For presentational purposes in the consolidated financial statements, the group's investments in overseas subsidiary undertakings are translated at the rate ruling at the reporting date. The profits and losses of overseas subsidiary undertakings are translated at average rates for the period. Exchange differences resulting from the retranslation of the opening balance sheets of overseas subsidiary at closing rates, together with the differences on the translation of the income statement, are dealt with through a separate other reserve in equity and reflected in other comprehensive income

### Taxation and deferred taxation

The charge for taxation is based on the results for the period and is calculated with reference to the tax rates applying at the balance sheet date

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Defined contribution pension scheme

Pension contributions in respect of defined contribution schemes for employees are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets are held separately from those of the group and the company in an independently administered fund. Differences between the amounts charged in the income statement and payments made to pension funds are treated as assets or liabilities.

### Defined benefit pension scheme:

#### Profit and loss entries

The pension costs in respect of defined benefit schemes are charged to the income statement over periods benefiting from employee service costs. Amounts charged are calculated using the following rates:

Current service cost	-	Discount rate at the start of the period
Interest cost	-	Discount rate at the start of the period

Differences between the amounts charged in the income statement and payments made to pension funds are treated as assets or liabilities.

# Kelkoo Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### *Balance sheet entries*

Defined benefit liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the liabilities. The assets and liabilities of the scheme are subject to a full actuarial valuation by an external professionally qualified actuary triennially and are reviewed annually by the actuary and updated to reflect current conditions.

The present value of the scheme liabilities is recognised as a liability.

Remeasurement of the scheme liabilities, including changes in assumptions and actuarial gains and losses are recognised in other comprehensive income in the period within which they occur.

#### **Operating leases**

Operating lease rentals are charged to the income statement on a straight line basis over the lease term.

#### **Share options**

The company issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments, where material, is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, which are described within note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### **Trade debtors, net of allowances for doubtful accounts**

Trade debtors are carried at amortised cost less provision for impairments. On a periodic basis, management evaluates the trade debtor accounts and determines whether to provide an allowance or if any accounts should be written down and charged to expense as a bad debt. The evaluation is based on a past history of collections, current credit conditions, the length of time the trade debtor is past due and a past history of write downs.

A trade debtor is considered past due if payments have not been received based on agreed-upon terms. The amount of allowances for doubtful accounts as provided for at the reporting date is €0.3m (2015: €0.3m).

## **Kelkoo Group Limited**

**Notes forming part of the financial statements for the year ended 31 December 2016 (continued)**

### **ACCOUNTING POLICIES (continued)**

#### **Recognition of deferred tax assets**

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. There is an unrecognised deferred tax asset of €9.3 million, due to a tax loss carried forward of €35 million at 31 December 2016. The asset has not been recognised due to uncertainty over the timing of future profits in the countries concerned. Further details are contained in note 8.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, are discussed below.

#### **Impairment of intellectual property**

Determining whether intellectual property is impaired requires an estimation of the value in use of the asset. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value. No impairment charge has been recognised in the year (2015: nil). Refer to note 9.

#### **Valuation of investments**

The company accounts for investments at cost less any provision for impairment. Where there are indicators of impairment of individual investments, the company performs impairment tests based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. There are no investments held at the group level at the reporting date (2015: nil). The value of Company investments at the reporting date is €1k. Impairment of Company investments of €1,624k have been recognised in the Company income statement in the year.

#### **Contingent consideration**

Contingent consideration is based on future working capital movements and business performance. The directors have assessed the set criteria at the year end and concluded that the likelihood of meeting them is remote, consequently no adjustments have been made to recognise the contingent consideration in these financial statements.

## **2. TURNOVER**

The group's business principally relates to a single activity, which is that of providing an online price comparison service via the internet. The group operates a single operating segment, with the operating decision makers reviewing financial information presented on a consolidated basis for purposes of allocating resources and evaluation of financial performance.

The group operates within three geographical markets, the United Kingdom, Europe and South America. Turnover by geographical segment is not disclosed as, in the opinion of the directors, it would be seriously prejudicial to the interests of the group to do so.

The group does not have significant reliance on any major customers. There are no revenues from transactions with a single external customer amounting to 10% or more of the group's revenues.

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 3. OPERATING LOSS

	2016 €'000	2015 €'000
<b>Operating loss is stated after charging / (crediting):</b>		
<i>Auditors remuneration – audit services</i>		
- group audit and subsidiaries (Mazars)	152	130
- audit of subsidiaries (BDO)	-	9
<i>Auditors remuneration – non audit services</i>		
- taxation services	47	40
- other services	47	59
Operating lease rentals - property	722	521
Exchange (gain)/loss	(484)	881
Research & development expenditure	1,454	1,433
Depreciation of tangible fixed assets	202	160
Amortisation of intangibles charged in the year	1,522	1,421
Profit on disposal of tangible fixed assets	-	(23)

### 4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows.

	2016 €'000	2015 €'000
Wages and salaries	8,708	9,045
Social security costs	2,368	2,056
Pension costs	496	522
	<b>11,572</b>	<b>11,623</b>

No cost has been included for share options granted in the year as the cost of these options has been assessed as immaterial (see note 15).

The average monthly numbers of employees, including directors, during the year are shown below:

	2016 Number	2015 Number
Administration	35	28
Sales and marketing	54	47
Production	101	103
	<b>190</b>	<b>178</b>



## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 5. DIRECTORS' AND KEY MANAGEMENT PERSONNEL REMUNERATION

#### *Directors*

	2016	2015
	€'000	€'000
Aggregate emoluments paid in respect of qualifying services	462	26
Company contributions to money purchase pension scheme	32	-

#### *Key management personnel remuneration*

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in respect of these individuals is €1.3m (2015: €1.6m). Total remuneration for the highest paid director is €311k (2015: €335k) and company contributions to a pension scheme is €25k (2015: €28k).

The total number of share options available to key management personnel in Kelkoo Group Limited is 2,398,989. The terms of these share options are disclosed in note 15. The key management personnel in France are enrolled in a defined benefit pension scheme as described in note 13. The total amount of retirement benefits provided as at 31 December is €70k (2015: €38k).

#### *Directors' interests in shares*

During 2017, directors were issued with C shares in the group companies Jamplant Limited and Whitewater Capital Limited.

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	€'000	€'000
Bank interest	53	4
Other interest income	-	1
	53	5

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	€'000	€'000
Pension interest	(8)	(6)
Payable in respect of loans from shareholders	(5,087)	(4,868)
	(5,095)	(4,874)

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 8. TAXATION

	2016 €'000	2015 €'000
<b>Current tax:</b>		
Corporation tax on taxable losses for the year at 20%	-	-
Foreign tax charge for the period	188	246
Under provision in respect of previous years	38	12
<b>Total current tax charge</b>	<b>226</b>	<b>258</b>
<b>Deferred tax:</b>		
Deferred tax charge	32	-
<b>Tax charge on ordinary activities</b>	<b>258</b>	<b>258</b>

#### Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in UK (20%) (2015: 12.5%). The differences are explained below.

	2016 €'000	2015 €'000
Loss on ordinary activities before tax	(7,896)	(7,747)
Tax on loss on ordinary activities multiplied by standard rate 20% (2015: 12.5%)	(1,579)	(968)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(5,980)	410
Effect of different foreign tax rates	(342)	(617)
Utilisation of losses	(112)	(148)
Capital allowances greater than depreciation	32	1
Over provision in respect of previous years	43	12
Unrelieved tax losses	1,064	1,572
Gain on disposal of overseas investment	7,300	-
Other timing differences	(168)	(4)
<b>Total tax charge for the year</b>	<b>258</b>	<b>258</b>

#### Tax rate changes

There were no significant factors that may affect future tax charges except for potential changes of future tax rates.

#### Deferred tax asset

	2016 €'000	2015 €'000
At beginning of period	-	-
Additions during the year	33	-
Deferred tax charge in income statement	(32)	-
At end of period	<b>1</b>	<b>-</b>

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 8. TAXATION (continued)

#### Deferred tax asset (continued)

Deferred tax charge is related to temporary differences on the defined benefit pension scheme held by the French subsidiary.

#### Unrecognised deferred tax

There is an unrecognised deferred tax asset of €14.3 million, due to a tax loss carried forward of €50 million at 31 December 2016. The asset has not been recognised due to uncertainty over the timing of future profits in the countries concerned.

Further reductions have been announced to the main corporation tax rate to 19% from 1 April 2017, and 18% from 1 April 2020. These reduced rates have been substantively enacted on 26 October 2015 and have therefore been considered when calculating deferred tax at the Balance sheet date of 31 December 2016

### 9. INTANGIBLE ASSETS

Group	Goodwill	Intellectual property	Computer Software	Trademarks	Total
	€'000	€'000	€'000	€'000	€'000
<b>Cost</b>					
At 1 January 2016	-	4,250	521	-	4,771
Acquired through business combinations	1,763	-	17	30	1,810
Additions in the year	-	-	13	-	13
Demerger of Vivamet group	-	-	(3)	-	(3)
FX translation	-	-	(73)	-	(73)
<b>At 31 December 2016</b>	<b>1,763</b>	<b>4,250</b>	<b>475</b>	<b>30</b>	<b>6,518</b>
<b>Amortisation</b>					
At 1 January 2016	-	(1,417)	(519)	-	(1,936)
Charge for the year	(88)	(1,416)	(17)	-	(1,522)
Demerger of Vivamet group	-	-	1	-	1
FX translation	-	-	73	-	73
<b>At 31 December 2016</b>	<b>(88)</b>	<b>(2,833)</b>	<b>(462)</b>	<b>-</b>	<b>(3,383)</b>
<b>Net book value</b>					
<b>At 31 December 2016</b>	<b>1,675</b>	<b>1,417</b>	<b>13</b>	<b>30</b>	<b>3,135</b>
At 31 December 2015	-	2,833	2	-	2,835

The intellectual property assets were acquired from Jolt Limited on 1 January 2015 for €4.25m, and are being amortised on a straight line basis over the director's estimate of its useful economic life of 3 years.

Goodwill is the amount recognised on the acquisition of the LeGuide group on 30 September 2016, refer to note 25.

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 10. TANGIBLE ASSETS

Group	Leasehold Improvements €'000	Office equipment €'000	Computer hardware €'000	Total €'000
<b>Cost</b>				
At 1 January 2016	288	220	1,802	2,310
Acquired through business combinations	130	254	-	384
Additions in the year	-	4	172	176
Demerger of Vivamet group	-	(8)	(57)	(65)
FX translation	(30)	(18)	(229)	(277)
<b>At 31 December 2016</b>	<b>388</b>	<b>452</b>	<b>1,688</b>	<b>2,528</b>
<b>Depreciation</b>				
At 1 January 2016	(217)	(195)	(1,658)	(2,070)
Charge for the year	(29)	(60)	(113)	(202)
Demerger of Vivamet group	-	6	10	16
FX translation	25	18	222	265
<b>At 31 December 2016</b>	<b>(221)</b>	<b>(231)</b>	<b>(1,539)</b>	<b>(1,991)</b>
<b>Net book value</b>				
<b>At 31 December 2016</b>	<b>167</b>	<b>221</b>	<b>149</b>	<b>537</b>
At 31 December 2015	71	25	144	240

### 11. DEBTORS

#### Amounts falling due within one year

	Group	
	2016 €'000	2015 €'000
Trade debtors	8,418	7,198
Other debtors	843	256
Corporation tax receivable	1,037	2,430
Deferred tax asset	1	-
Prepayments and accrued income	2,171	1,273
	<b>12,470</b>	<b>11,157</b>

#### Amounts falling due within one year

Company	2016 €'000
Prepayments and accrued income	<b>4</b>

Trade debtors are stated after provision for impairment of €296k (2015: €334k).

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 12. CREDITORS

#### Amounts falling due within one year

	Group	
	2016	2015
	€'000	€'000
Trade creditors	(3,438)	(1,912)
Other taxation	(1,179)	(1,031)
Other creditors	-	(71)
Corporation tax	(147)	(54)
Accruals and deferred income	(7,712)	(5,664)
	<u>(12,476)</u>	<u>(8,732)</u>

Included within accruals is €602k (2015: €556k) in relation to interest accrued on the shareholders' loans which are discussed further in note 19 and note 20 of the financial statements.

	Company
	2016
	€'000
Amounts owed to group undertakings	(1,978)
Accruals	<u>(260)</u>
	<u>(2,238)</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### Amounts falling due after more than one year

	Group	
	2016	2015
	€'000	€'000
Shareholder loans	(54,345)	(61,316)
Deferred tax liability	(19)	-
External loans	-	(750)
Deferred consideration	(9,292)	-
	<u>(63,656)</u>	<u>(62,066)</u>

Deferred consideration relates to the acquisition of the LeGuide group. For more information refer to note 25.

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 13. PENSION INFORMATION

The group has the following defined benefit and defined contribution pension schemes in its French subsidiary, Kelkoo SAS. With regard to the defined benefit scheme there has not been a material movement in the year.

The French pension system is operated on a "pay as you go" basis. Each employee is entitled to receive a basic pension from the Social Security plus a complementary pension from defined contribution schemes ARRCO and AGIRC (solely for management). Moreover, retiring allowances (lump sums) must by law be paid by the employer when employees retire. The allowances to be paid are defined by the Collective Bargaining Agreement of the R&D, IT and consulting firms ("Syntec"). The allowances are paid upon retirement. At 31 December 2016 there were no outstanding pension commitments (2015: €nil).

The LeGuide SAS pension system operates in a similar way and has been calculated as having a liability of €30k as at 31 December 2016.

The most recent actuarial valuation was performed in February 2017 for the purpose of the year end 2016 financial accounts disclosure. The main economic assumptions used by the independent qualified actuaries of the French defined benefit scheme to calculate the liabilities under FRS 102 were.

As at 31 December	2016	2015
<b>Kelkoo SAS</b>		
Discount rate:	1.75%	2.25%
Inflation rate:	2.00%	2.00%
Salary growth:	2.50%	2.50%
<b>LeGuide SAS</b>		
Discount rate:	3.00%	
Inflation rate:	3.00%	

#### Mortality assumptions:

The assumptions relating to mortality rates underlying the pension scheme liabilities at the reporting date are based on INSEE TD/TV actuarial mortality tables.

Movements in the defined benefits liabilities in the current year were as follows:

	Group 2016 €'000	Group 2015 €'000
Defined benefit liability at 1 January	(375)	(322)
Service cost	(46)	(42)
Interest cost	(8)	(6)
Assumptions changes	(50)	21
Actuarial gains due to experience	5	(26)
Defined benefit liability at 31 December	<u>(474)</u>	<u>(375)</u>

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 13. PENSION INFORMATION (continued)

The amounts recognised in the income statement in respect of the defined benefit scheme were as follows:

	Group 2016 €'000	Group 2015 €'000
Service cost	(46)	(42)
Interest cost	(8)	(6)
Total	<u>(54)</u>	<u>(48)</u>

The total amount recognised in the statement of comprehensive income was as follows:

	Group 2016 €'000	Group 2015 €'000
Assumptions changes	(50)	21
Actuarial gains due to experience	5	(26)
Total	<u>(45)</u>	<u>(5)</u>

The movements in the balance sheet were as follows:

	Group 2016 €'000	Group 2015 €'000
Accrued benefit cost at 1 January	(375)	(322)
Benefit expense	(54)	(48)
Statement of comprehensive income	(45)	(5)
Accrued benefit cost at 31 December	<u>(474)</u>	<u>(375)</u>

Reconciliation of funds at the year-end was as follows:

	Group 2016 €'000	Group 2015 €'000
Defined benefit liability at 31 December	(474)	(375)
Fair value of plan assets at 31 December	-	-
LeGuide.com SAS pension liability	(30)	-
Deficit/un-funded	<u>(504)</u>	<u>(375)</u>

In 2016 there were payments of €496k made to the defined contribution scheme (2015: €522k).

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 14. CALLED UP SHARE CAPITAL

	2016	2015
	€'000	€'000
45,505,080 ordinary shares of €0.000000132 each	-	-

The rights of ordinary shareholders including the right to vote at meetings, right to discretionary dividends and to proceeds/assets on a sale or winding up are based on the level of shareholding.

Kelkoo Group Limited was incorporated in February 2016 for called up share capital of 45,505,080 ordinary shares of €0.000000132. Consideration for the ordinary shares allotted was 45,505,080 ordinary shares of €0.00131853 in Tamsa Ltd. On 27 May 2016 the group restructure was finalized with the sale of the Jamplant share capital from Tamsa Limited to Kelkoo Group Limited. Tamsa ceased to be the parent company of the group and remains a subsidiary of the newly formed company.

### 15. SHARE OPTIONS

At the beginning of the year, the number of share options outstanding in Tamsa Limited was 1,134,525. In 2016 Kelkoo Group Limited issued 2,398,989 share options to employees of the group at €0.01 per share to replace the existing plan under Tamsa Limited. The number of options outstanding at 31 December 2016 was 2,398,989. These options over shares in Kelkoo Group Limited were materially similar to previously existing options to acquire shares in Tamsa Limited, the former ultimate parent of the group.

These options can only be exercised on a sale or listing of the business and employees must remain employed by the group to benefit from these options.

The value of these options has been assessed by management using a Black Scholes valuation model at the time and the fair value of the options granted has been assessed as immaterial and as such no charge has been recognised in these financial statements.



## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 16. NON CONTROLLING INTEREST

The movement in non-controlling interests was as follows:

	Note	2016 €'000	2015 €'000
<b>At 1 January</b>		<b>(6,201)</b>	<b>(3,691)</b>
Total comprehensive loss attributable to non-controlling interests		(1,844)	(2,919)
Further investments in Kelisto Iberia S.L.		289	201
Acquisition of Cazip Enerji Ticareti A.S.		-	51
Demerger of Vivamet Group	24	6,633	
Issue of share capital		35	
Net gain from dilution of ownerships		53	157
<b>At 31 December</b>		<b>(1,035)</b>	<b>(6,201)</b>

As at the year end 31 December 2016, the non-controlling interest was 24.8% in Jamplant Limited and 24.8% in Whitewater Capital Limited.

### 17. ANALYSIS OF NET DEBT

Reconciliation of net cash flows to the movement in net debt:

	2016 €'000	2015 €'000
Increase/ (decrease) in cash in the year	6,192	(2,197)
Repayment of debt	12,773	3,177
New loans	-	(10,172)
Change in net debt arising from cash flows	18,965	(9,192)
Interest capitalised and accrued	(5,068)	(4,843)
Change in net debt	13,897	(14,035)
Net debt at beginning of year	(59,213)	(45,178)
Net debt at end of year	(45,316)	(59,213)

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 17. ANALYSIS OF NET DEBT (continued)

#### Analysis of net debt:

	At 31 December 2015 €'000	Cash flows €'000	Non cash movement €'000	At 31 December 2016 €'000
Cash at bank and in hand	3,439	6,192	-	9,631
Payable in greater than one year				
Shareholders loan accruals (note 19)	(586)	-	(16)	(602)
Shareholders loan (note 12)	(61,316)	500	6,471	(54,345)
External loan (note 12)	(750)	-	750	-
	(62,652)	500	7,205	(54,947)
Net debt	(59,213)	6,692	7,205	(45,316)

### 18. SUBSIDIARY UNDERTAKINGS

#### Company

	2016 €'000
At the start of the year	-
Additions in the year	1,625
Impairment of investments	(1,624)
At the end of year	1

Each of the following subsidiaries are involved in online price comparison and lead generation except; Jamplant Limited, a holding company for Kelkoo SAS and its subsidiaries, Kelkoo Ventures Limited, a dormant company, and Whitewater Capital Limited, a holding company for LeGuide.com SAS. During the year Kelkoo Group Limited underwent a group restructure and as part of this transferred ownership of the Vivamet group to Gavcapital Ltd, a related party.

Kelkoo Group Limited owns 75.2% of subsidiaries Jamplant Limited and Whitewater Capital Ltd and 100% of Tamsa Ltd. LeGuide.com SAS, Gooster S.a.r.l, DooYoo GmbH and DooYoo UK Limited are wholly owned subsidiaries of Whitewater Capital Ltd. The remaining subsidiaries are wholly owned by Jamplant Limited.

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 18. SUBSIDIARY UNDERTAKINGS (continued)

#### Jamplant Limited

Registered number: 6721054  
Registered office: 6<sup>th</sup> Floor, Portland House, Bressenden Place, London, SW1E 5BH  
Date and place of incorporation: 10 October 2008, England and Wales

#### Kelkoo Ventures Limited (now dormant)

Registered number: 7258524  
Registered office: 6<sup>th</sup> Floor, Portland House, Bressenden Place, London, SW1E 5BH  
Date and place of incorporation: 19 May 2010, England and Wales

#### Kelkoo SAS

Registered number: 425093069  
Registered office: 12, rue Godot de Mauroy, Paris 75009, France  
Date and place of incorporation: 10 November 1999, Paris

#### Kelkoo Internet SL

Registered number: B82133133  
Registered office: CL. Alberto Aguilera 7, 28015, Madrid, Spain  
Date and place of incorporation: 13 November 1998, Madrid, Spain

#### Kelkoo.com (UK) Limited

Registered number: 3844739  
Registered Office: 6<sup>th</sup> Floor, Portland House, Bressenden Place, London, SW1E 5BH  
Date and place of incorporation: 20 September 1999, England and Wales

#### Kelkoo AS

Registered number: 977533279  
Registered office: Lysaker Torg 15, 1326 Lysaker, Norway  
Date and place of incorporation: 20 May 1997, Norway

#### Kelkoo SRL

Registered number: 1630283  
Registered office: ViaVictor Hugo 2, 20123, Milan, Italy  
Date and place of incorporation: 30 June 2000, Milan

#### Kelkoo Holding BV

Registered number: 33285657  
Registered office: Prinsengracht 530, 1017 KJ Amsterdam, Netherlands  
Date and place of incorporation: 14 December 1976, Amsterdam

#### Kelkoo AB

Registered number: 556559-2978  
Registered office: Mäster Samuelsgatan 56, 11183 Stockholm, Sweden  
Date and place of incorporation: 10 August 1998, Stockholm

#### Kelkoo Netherlands BV

Registered number: 28086271  
Registered office: Prinsengracht 530, 1017 KJ Amsterdam, Netherlands  
Date and place of incorporation: 15 May 2000, Amsterdam

#### Kelkoo Deutschland GmbH

Registered number: HRB87745  
Registered office: Wirtschaftsprüfungsgesellschaft, Hausvogteiplatz 10, 10117, Berlin  
Date and place of incorporation: 27 February 2003, Hamburg

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 18. SUBSIDIARY UNDERTAKINGS (continued)

#### **Kelkoo Denmark A/S**

Registered number: 25352963  
Registered office: Østerfælled Torv 10, 2. Sal DK02100 Copenhagen, Denmark  
Date and place of incorporation: 28 June 2000, Copenhagen

#### **Kelkoo Serviços De Comparacao De Precos Ltda.**

Registered number: 35.225.577.282  
Registered office: Avenida Paulista, 2.300, andar Pilotis, Bela Vista, São Paulo, CEP: 01310-300, Brasil  
Date and place of incorporation: 13 July 2011, Sao Paulo

#### **Kelkoo Lithuania UAB**

Registered number: 303343516  
Registered office: Vilniaus m. sav. Vilniaus m. Jogailos g. 4, Lithuania  
Date and place of incorporation: 04 July 2014, Vilnius

#### **Kelkoo LLC (Russia)**

Registered number: 1157746263850  
Registered office: Bed. 5, Kasaskini Street, Moscow, 129301, Russia  
Date and place of incorporation: 25 March 2015, Moscow

#### **Whitewater Capital Limited**

Registered number: 10241327  
Registered office: 6<sup>th</sup> Floor, Portland House, Bressenden Place, London, SW1E 5BH  
Date and place of incorporation: 20 June 2016, England and Wales

#### **LeGuide.com SAS**

Registered number: 425085875  
Registered office: 12 rue Godot de Mauroy, 75009 Paris, France  
Date and place of incorporation: 22 November 1991, France

#### **Gooster S.a.rl**

Registered number: 450888433  
Registered office: 12 rue Godot de Mauroy, 75009 Paris, France  
Date and place of incorporation: 21 November 2003, France

#### **DooYoo GmbH**

Registered number: HRB120275  
Registered office: Augustenstraße 10 - 80333 München, Germany  
Date and place of incorporation: 13 February 2009, Germany

#### **DooYoo UK Limited**

Registered number: 03949052  
Registered office: Matrix House, 12-16 Lionel Road, Canvey Island, Essex, SS8 9DE  
Date and place of incorporation: 16 March 2000, England and Wales

## **Kelkoo Group Limited**

**Notes forming part of the financial statements for the year ended 31 December 2016 (continued)**

### **19. RELATED PARTY TRANSACTIONS**

In 2008, unsecured loans (shareholders loans, see note 20) were advanced with an aggregate amount of €32,027k by the shareholders of the ultimate parent company to Jamplant Limited. The loans are repayable in 2020 and are included in creditors: amounts falling due after more than one year. Interest charged in the year on these loans amounted to €5,068k (2015: €4,830k). The amount of interest outstanding at the reporting date was €22,921k (2015: €19,952k), of which €22,318k (2015: €19,396k) has been capitalised and added to the principal loan, and €602k (2015: €556k) is included within 'Accruals and deferred income' in note 12.

As part of the group restructure, Tamsa Limited, a subsidiary of Kelkoo Group Limited, sold its 40% shares in Vivamet group to a newly formed UK holding company named Gavcapital Limited. Gavcapital Limited and Kelkoo Group Limited are considered to be related parties as they have common shareholders.

As part of this restructure, Tamsa Limited also novated all the shareholder loan balances of €9.9million and all existing intercompany balances to Kelkoo Group Limited, in exchange for the issue of further shares to Kelkoo Group Limited. These loan balances were then settled through a series of transactions namely the issue of new shares to the common shareholders of Gavcapital Limited and the repayment of the loan receivables from Vivamet Solutions Limited of €9.5million (including accrued interest of €0.6million). At the same time, there was also a settlement of €1.6million of the shareholder loan balance in Jamplant Limited. Refer to note 24.

During the year, Kelkoo Group Limited continued to incur costs and provide support services to Kelisto (a company incorporated in Spain with common shareholders). For the year ending 31 December 2016, these costs amounted to €283k (2015: €935k) and were invoiced directly to Kelisto on a pass-through basis without mark up. The amount outstanding at the year end was €26k (2015: €342k).

The transactions with key management personnel are disclosed in note 5.

The group has availed itself of the exemption provided in FRS 102 section 33.1A for subsidiary undertakings who are wholly owned by the group, from requirements to give details of transactions between members of the group.

### **20. LOAN**

The shareholder loan was listed on the Cayman Islands Stock Exchange on 18 June 2010 with a fixed coupon rate of 9.5% over Euribor per annum. The listing expires on the 20 November 2058. It is denominated in Euro, unsecured and carried at amortised cost in the group books. The debt was issued by Jamplant. The maturity of the loan was extended from November 2015 to November 2020 during the 2014 year.

### **21. FINANCIAL INSTRUMENTS**

#### **Capital risk management**

There have been no changes during the year in the group's capital risk management policy. The group manages its capital to ensure that entities in the group will be able to continue as going concerns while optimising the debt and equity balance. The capital structure of the group consists of debt, which includes the borrowings disclosed in note 19 and note 20, the cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

The group does not enter into derivative or hedging transactions and it is the group's policy that no trading in financial instruments be undertaken. The main risks arising from the group's financial instruments are currency risk and interest rate risk. The board reviews and agrees policies for managing each of these risks and these are summarised below.

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 21. FINANCIAL INSTRUMENTS (continued)

#### Interest rate risk

The amounts advanced under the shareholder loans are at daily 3 month Euribor rates and as a result the group is exposed to interest rate fluctuations. However in the current economic climate the group believes that the prevailing interest rate is likely to be subject to minimum fluctuations. Interest received on cash balances is not material to the group's operations or results.

The company is exposed to minimal interest rate risks.

#### Liquidity risk

The group has ensured continuity of funding through a mixture of issues of shares and the shareholder loan agreement. Trade creditors are payable on normal credit terms which are usually 30 days. The loans due to the shareholders are due for repayment in November 2020 and are therefore classed as being due in more than one year.

#### Currency risk

The functional currency of the company is Euros. The loan from the shareholders is denominated in Euros. As a result, the group has no currency exposure in respect of this loan.

Additional instruments are valued in local currency but these are all viewed as stable with low risk of movement.

#### Credit risk

The directors consider that the entity has limited exposure to credit risk.

The carrying values of the group and company's financial assets and liabilities are summarised by category below:

Group	2016 €'000	2015 restated €'000
<i>Financial assets that are debt instruments measured at cost</i>		
Trade debtors	8,418	7,198
<i>Financial assets that are measured at amortised cost</i>		
Other debtors	1,881	2,686
Cash and cash equivalents	9,631	3,439
<i>Financial liabilities measured at amortised cost</i>		
Trade and other creditors	(12,476)	(8,732)
Shareholder loans	(54,345)	(62,066)
 Company	 2016 €'000	
<i>Financial liabilities measured at amortised cost</i>		
Trade and other creditors	(260)	

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 22. LEASING COMMITMENTS

The group has several operating leases over the registered office premises, which are leased from third parties. These leases have remaining terms of between 1 to 7 years. At 31 December the group had total future minimum lease payments under non cancellable operating leases as set out below:

Group	Land and buildings	
	2016 €'000	2015 €'000
In less than one year	1,115	399
Between two and five years	3,296	97
In more than five years	368	-
	<b>4,779</b>	<b>496</b>

#### Security

As security for deferred consideration related to the acquisition of LeGuide group, Jamplant Limited has agreed to a guarantee and debenture with Lagardere Active, the seller of LeGuide.com.

### 23. AUDIT EXEMPTION BY UK SUBSIDIARIES

Two UK registered subsidiary companies of the group (Jamplant Limited and Kelkoo.com (UK) Limited), have taken the exemption available under section 479A of the UK Companies Act 2006 relating to the audit of their individual accounts. Kelkoo Ventures has also taken the exemption from preparing accounts available under section 394A of the Companies Act 2006. Kelkoo Group Limited has provided a guarantee of liabilities to its UK subsidiaries for the purpose of those exemptions – Jamplant Limited and Kelkoo.com Limited under section 479C of the UK Companies Act 2006 and Kelkoo Ventures Limited under section 394A of the Companies Act 2006, and has consented to them in its capacity as a shareholder.

The guarantee is relevant to the liabilities of the UK subsidiaries and it is the belief of the directors that there is a low probability of the guarantee being used. Kelkoo Ventures Limited is a dormant company with limited net assets and Kelkoo.com (UK) Limited and Jamplant Limited are the main trading companies for the UK.

### 24. GROUP RESTRUCTURE

The group has undergone a restructure on 27 May 2016. Kelkoo Group Limited is a newly formed UK holding company which has acquired an investment in Tamsa Limited (and subsidiary entities) as a result of a share-for-share exchange with its existing shareholder companies. Tamsa Limited subsequently transferred its shareholding in Jamplant Limited to Kelkoo Group Limited via a dividend in specie at book value. Tamsa Limited also sold its 40% shareholding in Vivamet to a related party, Gavcapital Limited. Gavcapital Limited and Kelkoo Group Limited are considered to be related parties as they have common shareholders, refer to note 19.

Kelkoo Group Limited has applied merger accounting principles for the disposal of Vivamet group and the acquisition of Jamplant group.

## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 24. DEMERGER OF VIVAMET GROUP (continued)

Vivamet Group	Note	2016 €'000
<i>Net Assets</i>		
At 1 January 2016		(10,295)
Loss for the period		(1,224)
At 31 May 2016		(11,519)
<i>Demerger</i>		
Change in non-controlling interest		421
Disposal of non-controlling interest	16	6,633
Distribution in specie		4,467

### 25. ACQUISITION OF SUBSIDIARY

On 30 September 2016, the group, through its subsidiary Whitewater Capital Limited, acquired 100% of LeGuide.com SAS group ("LeGuide group"). LeGuide group comprises of LeGuide.com SAS and Gooster S.a.r.l, both French-based businesses, DooYoo GmbH, a German-based business, and DooYoo UK Limited, a UK-based business, all of which provide online price comparison and lead generation services. Kelkoo Group Limited owns 75.2% of Whitewater Capital Limited.

The acquisition has been accounted for under the acquisition method. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition. The book value of the assets on acquisition has been assessed as equalling the fair value.



## Kelkoo Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 25. ACQUISITION OF SUBSIDIARY (continued)

		30 Sep 2016
	Note	€'000
<b>Assets</b>		
Intangible assets		48
Tangible assets		385
Debtors		2,786
Cash and cash equivalents		8,311
		<u>11,530</u>
<b>Liabilities</b>		
Pension liability		(117)
Creditors		(3,807)
Provision		(77)
		<u>(4,001)</u>
<b>Total identifiable net assets</b>		<u>7,529</u>
Goodwill on acquisition	9	1,763
<b>Purchase consideration</b>		<u>9,292</u>

Goodwill is being amortised over a useful life of five years

From the date of acquisition, LeGuide group contributed €4,947k of revenue and €297k loss to loss before tax from continuing operations of the Group.

#### Purchase consideration

Initial consideration of €1 was paid on completion. The balance of the consideration is deferred and payable after more than one year.

#### Contingent Consideration

Contingent consideration is consideration that is only paid if specified future events occur or certain conditions are met. This is valued at fair value at the acquisition date. The deferred contingent consideration of the acquisition has been assessed and not adjusted for as discussed in note 1 (Accounting judgements)

### 26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

There is no ultimate controlling party.

## **Kelkoo Group Limited**

**Notes forming part of the financial statements for the year ended 31 December 2016 (continued)**

### **27. EVENTS AFTER THE REPORTING PERIOD**

In 2017, the board approved a partial repayment of accrued interest on the loan from the shareholders. The repayments were made in April, May and June for a total amount of €881k.