

**ADSTREAM (UK) LIMITED**

**Company Registration Number:  
04691908 (England and Wales)**

**Unaudited statutory accounts for the year ended 31 December 2021**

**Period of accounts**

**Start date: 1 July 2020**

**End date: 31 December 2021**

# **ADSTREAM (UK) LIMITED**

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# ADSTREAM (UK) LIMITED

## Directors' report period ended 31 December 2021

The directors present their report with the financial statements of the company for the period ended 31 December 2021

### Principal activities of the company

The principal activities of the company are: The provision of technology solutions to validate, transmit and provide intelligence on all forms of digital media from short form to long form content; and The provision of advice, outsourced services and technology solutions to the advertising industry to reduce the costs of the advertising supply chain. The company provides management services to other group companies which is recharged.

### Additional information

**Acquisition of the Adstream Group** On 1 June 2021, the Adstream Group, of which the company is a member, headed by Adstream Holdings Pty Limited ('Adstream Holdings'), a company incorporated in Australia, was acquired by ER International Holding Corp. II, a wholly-owned subsidiary of Extreme Reach, Inc., a US-based advertising technology and services company that provides a unique cloud-based video platform that enables advertisers and their agencies to activate, measure and optimize television, connected TV and online video campaigns, including talent rights management and payment, across any video screen or device. ER is headquartered in Needham, Massachusetts, and the Company maintains a presence with offices across the U.S., Canada, and the United Kingdom.

**Post Balance Sheet Events** On 1 September 2022, Gamut Capital Management, L.P., a New York based middle market private equity firm, through its wholly owned subsidiaries GCM Digital Parent, Inc. and GCM Digital Merger Sub, Inc. (together "Gamut Capital" or "Gamut"), entered into a definitive agreement and plan of merger to acquire Extreme Reach, Inc., the company's ultimate parent, a U.S. based advertising, technology, and services company specializing in omnichannel marketing campaigns and production payroll and accounting solutions for brands, agencies, and content producers. Gamut Capital, headquartered in New York, NY, is a private investment firm managing in excess of \$2 billion in assets focused on the middle market. It partners with management to improve financial flexibility through creative structuring, supplying strategic resources to help fuel growth, and access to proprietary transactions. The acquisition was completed on 17 October 2022.

**Going concern** The Company had net current assets as well as net assets as at 31 December for both 2021 and 2020. The Company is dependent for its working capital from both the group headed by Adstream Holdings Pty Limited and the group headed by Extreme Reach, Inc. Group. The Company has received undertakings from both Adstream Holdings Pty Limited and Extreme Reach Inc. that, for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the Company and in particular not seek repayment of the amounts currently made available.

### Directors

The director shown below has held office during the whole of the period from  
**1 July 2020 to 31 December 2021**

S. Streeter

The directors shown below have held office during the period of  
**1 July 2020 to 1 June 2021**

D. Mark  
W. Syphers  
T. Emly

The directors shown below have held office during the period of  
**1 June 2021 to 31 December 2021**

T. Conley  
C. Mitchell

The above report has been prepared in accordance with the special provisions in part 15 of the Companies Act 2006

This report was approved by the board of directors on  
**20 April 2023**

And signed on behalf of the board by:

**Name: S. Streeter**  
**Status: Director**

# ADSTREAM (UK) LIMITED

## Profit And Loss Account for the Period Ended 31 December 2021

	<i>18 months to 31 December 2021</i>	<i>2020</i>
	£	£
Turnover:	34,752,247	24,304,722
Cost of sales:	( 21,472,874 )	( 16,824,378 )
<b>Gross profit(or loss):</b>	<b>13,279,373</b>	<b>7,480,344</b>
Distribution costs:	( 561,977 )	( 550,978 )
Administrative expenses:	( 10,608,608 )	( 5,907,696 )
Other operating income:	17,473	85,027
<b>Operating profit(or loss):</b>	<b>2,126,261</b>	<b>1,106,697</b>
Interest receivable and similar income:	1,213,008	169,554
Interest payable and similar charges:	( 217,232 )	( 347,307 )
<b>Profit(or loss) before tax:</b>	<b>3,122,037</b>	<b>928,944</b>
Tax:	( 452,838 )	( 409,559 )
<b>Profit(or loss) for the financial year:</b>	<b>2,669,199</b>	<b>519,385</b>

# ADSTREAM (UK) LIMITED

## Balance sheet

As at 31 December 2021

	<i>Notes</i>	<i>18 months to 31 December 2021</i>	<i>2020</i>
		£	£
<b>Fixed assets</b>			
Intangible assets:	3	8,695	65,640
Tangible assets:	4	1,586,045	2,613,177
Investments:	5	2,588,371	1,156,351
<b>Total fixed assets:</b>		<b>4,183,111</b>	<b>3,835,168</b>
<b>Current assets</b>			
Debtors:	6	27,324,597	26,004,899
Cash at bank and in hand:		864,108	667,522
<b>Total current assets:</b>		<b>28,188,705</b>	<b>26,672,421</b>
Creditors: amounts falling due within one year:	7	( 14,314,742 )	( 13,857,682 )
<b>Net current assets (liabilities):</b>		<b>13,873,963</b>	<b>12,814,739</b>
<b>Total assets less current liabilities:</b>		<b>18,057,074</b>	<b>16,649,907</b>
Creditors: amounts falling due after more than one year:	8	( 949,350 )	( 1,816,126 )
Provision for liabilities:		( 831,217 )	( 1,226,473 )
<b>Total net assets (liabilities):</b>		<b>16,276,507</b>	<b>13,607,308</b>
<b>Capital and reserves</b>			
Called up share capital:		10,000	10,000
Profit and loss account:		16,266,507	13,597,308
<b>Total Shareholders' funds:</b>		<b>16,276,507</b>	<b>13,607,308</b>

The notes form part of these financial statements

## **ADSTREAM (UK) LIMITED**

### **Balance sheet statements**

For the year ending 31 December 2021 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

**This report was approved by the board of directors on 20 April 2023  
and signed on behalf of the board by:**

Name: S. Streeter  
Status: Director

The notes form part of these financial statements

# ADSTREAM (UK) LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2021

### 1. Accounting policies

#### Basis of measurement and preparation

These financial statements have been prepared in accordance with the provisions of Financial Reporting Standard 101

#### Turnover policy

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model: 1. Identify the contracts with the customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognise revenue when or as the entity satisfies its performance obligations Revenue is measured at the fair value of the consideration received. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised as follows: Revenue relating to the delivery of video and print assets along with ancillary services relating to these deliveries is recognised at a point in time. Revenue is recognised upon transfer of risk or completion of services to third parties this is deemed to be when the asset has been delivered to the final payout / print destination. In practice this means that Adstream (UK) Limited validation and transmission volume transactions are recognised as incurred; Revenue from selling the access to the company's technological solutions is recognised over the life of the contract. Revenue arising from the provision of consultancy and professional services is recognised over the life of the contract as and when milestones have been delivered. Revenue from the provision of consultancy and services is recognised in the accounting period in which the services are rendered Revenue arising from management services provided to other group companies, is recognised over the period in which the services are provided. Revenue from the provision of management services is recognised in the accounting period in which the services are rendered Rebates to customers are recognised in the year in which they are agreed with the customer. These amounts are deducted from net sales; All revenues are reported net of sales taxes (e.g. VAT or GST).

#### Tangible fixed assets depreciation policy

Depreciation is charged at rates to write off the cost of the asset (to its residual value) on a straight-line basis over the estimated useful life of the assets. The applicable annual rates are: Leasehold property 33% or over the life of the lease whichever is shorter Plant and machinery 25%

#### Intangible fixed assets amortisation policy

Amortisation is charged at rates to write off the cost of the asset (to its residual value) on a straight-line basis over the estimated useful life of the assets. The applicable annual rates are: Intellectual property and trademarks 33%

#### Other accounting policies

Foreign currencies a) Functional and presentation currency Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency. b) 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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other (expenses)/income' Tangible fixed assets Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Right-of-use assets are depreciated over the shorter of the assets expected useful life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the Group in which case the asset is depreciated to the end of the useful life of the asset. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other (expense)/income' in the income statement. Intangible assets Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial period end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Impairment of non-financial assets Non-financial assets with a finite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which

the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Investments in subsidiaries Investments in subsidiaries are held at cost less accumulated impairment losses. Impairment of financial assets The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade and other receivables Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables is 2.0%. Cash and cash equivalents Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in creditors: amounts falling due within one year. Creditors Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Taxation Current tax The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Deferred tax Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Under FRS101, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Legislation was enacted in June 2021 to increase the UK corporation tax from 19.0% to 25.0% with effect from 1 April 2023. On 23 September 2022 the UK government announced that the planned rate rise to 25.0% would not take place. However, this change was not substantively enacted at the balance sheet date. Accordingly, the deferred tax balances are measured at 25.0% unless the temporary difference is expected to reverse before 1 April 2023, in which case the rate used is the one applicable at the expected time of reversal. Government grants Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable. Provisions Provisions for restructuring costs and legal claims are recognised where: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Dividend income Dividend income is recognised when the right to receive payment is established. Prior Period Adjustment During the year the Directors have recognised prior period adjustments relating to following: a. Reclassification of intercompany recharges disclosed in Other income to Revenue and corresponding costs disclosed in Administrative expenses to Cost of Sales. This is because provision of management services to parent undertaking is a principal business activity and should be accounted for as revenue under IFRS 15 and corresponding costs under Cost of Sales. The reclassification resulted in increasing revenue by £16,565,117; increasing cost of sales by £15,843,344; decreasing other income by £16,565,117 and decreasing administrative expenses by £15,843,344. b. Netting off of Pass through costs incurred on behalf of parent entity and the related income received from the parent entity for these costs in cost of sales and administrative expenses and corresponding income disclosed in other income. This is because these costs are incurred on behalf of parent undertaking and should be eliminated from the income statement. The adjustment resulted in a decrease in other income of £4,690,602; a decrease in administrative expenses of £2,213,913; and a decrease in cost of sales of £2,476,689. The above restatements have resulted in restating revenue, cost of sales, administrative expenses and other income/(expense) as follows: The administrative expense for the year ended 30 June 2020 has been restated from £21,112,396 to £3,055,139, a decrease of £18,057,256; Other income for the same period has been restated from £18,403,162 to (£2,852,557), a decrease of £21,255,719. Accordingly, this line item is renamed other expenses in the income statement. Revenue for the same period has been restated from £7,739,605 to £24,304,722, an increase of £16,565,117; and Cost of sales for the same period has been restated from £3,457,723 to £16,824,377, an increase of £13,366,654. Leases For accounting policy for right-of-use assets, refer to property, plant and equipment. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease. Where this rate is not determinable, the incremental borrowing rate is used, which is the interest rate the Group would have to pay to borrow the amount necessary to obtain an asset of similar value, in a similar economic environment with similar terms and conditions. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on



an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

# **ADSTREAM (UK) LIMITED**

## **Notes to the Financial Statements for the Period Ended 31 December 2021**

### **2. Employees**

	<i><b>18 months to 31 December 2021</b></i>	<i><b>2020</b></i>
Average number of employees during the period	<b>122</b>	<b>166</b>

# ADSTREAM (UK) LIMITED

## Notes to the Financial Statements for the Period Ended 31 December 2021

### 3. Intangible assets

	Goodwill	Other	Total
Cost	£	£	£
At 1 July 2020		322,421	322,421
Additions			
Disposals			
Revaluations			
Transfers			
At 31 December 2021		322,421	322,421
<b>Amortisation</b>			
At 1 July 2020		256,781	256,781
Charge for year		56,945	56,945
On disposals			
Other adjustments			
At 31 December 2021		313,726	313,726
<b>Net book value</b>			
At 31 December 2021		8,695	8,695
At 30 June 2020		65,640	65,640

# ADSTREAM (UK) LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2021

### 4. Tangible assets

	Land & buildings	Plant & machinery	Fixtures & fittings	Office equipment	Motor vehicles	Total
Cost	£	£	£	£	£	£
At 1 July 2020	3,025,901	7,027,450				10,053,351
Additions		134,510				134,510
Disposals						
Revaluations						
Transfers						
At 31 December 2021	3,025,901	7,161,960				10,187,861
<b>Depreciation</b>						
At 1 July 2020	1,092,085	6,348,089				7,440,174
Charge for year	777,435	384,207				1,161,642
On disposals						
Other adjustments						
At 31 December 2021	1,869,520	6,732,296				8,601,816
<b>Net book value</b>						
At 31 December 2021	1,156,381	429,664				1,586,045
At 30 June 2020	1,933,816	679,361				2,613,177

# **ADSTREAM (UK) LIMITED**

## **Notes to the Financial Statements for the Period Ended 31 December 2021**

### **5. Fixed assets investments note**

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# ADSTREAM (UK) LIMITED

## Notes to the Financial Statements for the Period Ended 31 December 2021

### 6. Debtors

	<i>18 months to 31 December 2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Trade debtors	<b>1,918,864</b>	1,439,289
Prepayments and accrued income	<b>1,201,690</b>	743,777
Other debtors	<b>24,204,043</b>	23,821,833
Total	<b><u>27,324,597</u></b>	<u>26,004,899</u>

# ADSTREAM (UK) LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2021

### 7. Creditors: amounts falling due within one year note

	<i>18 months to 31 December 2021</i>	<i>2020</i>
	<b>£</b>	<b>£</b>
Amounts due under finance leases and hire purchase contracts	<b>579,920</b>	987,618
Trade creditors	<b>1,078,548</b>	1,545,133
Taxation and social security	<b>487,310</b>	144,529
Accruals and deferred income	<b>1,746,994</b>	1,190,542
Other creditors	<b>10,421,970</b>	9,989,860
Total	<b><u>14,314,742</u></b>	<u>13,857,682</u>

# ADSTREAM (UK) LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2021

### 8. Creditors: amounts falling due after more than one year note

	<i>18 months to 31 December 2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Amounts due under finance leases and hire purchase contracts	<b>949,350</b>	1,816,126
Total	<b>949,350</b>	1,816,126



This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.