

Company Registration No. 07239735 (England and Wales)

**TEADS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



# TEADS LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	Betrand-Romain Quesada Justin Taylor
<b>Company number</b>	07239735
<b>Registered office</b>	2nd Floor, 201 Great Portland Street Marylebone London W1W 5AB
<b>Auditor</b>	Shaw Gibbs (Audit) Limited 264 Banbury Road Oxford OX2 7DY
<b>Business address</b>	3rd & 4th Floor 70 New Oxford Street London WC1A 1EU

---

# TEADS LIMITED

## CONTENTS

---

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 23

---

# TEADS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

The directors present the strategic report for the year ended 31 December 2021.

#### **Fair review of the business**

We aim to present a fair review of the development and performance of our business during the year and its position at the year end. In the year to 31 December 2021, turnover was £78.9 million, compared to £62.6 million in the year ended 2020, a growth of 26%. The operational Gross Margin increased by 7 points from 2020 (55%) to 2021 (62%), this change was mainly led by changes we have made in 2020 during the pandemic, eg we managed to renegotiate some of our costs commitments that delivered benefits throughout 2021. We feel confident in our strategy as we expect a significant higher volume on Programmatic and TAM activity as opposed to Managed Services in 2022. The UK Market currently indicates that clients are shifting more budget through the Programmatic and TAM funnels.

#### **Principal risks and uncertainties**

Our business environment is fast paced and dynamic which inherently brings challenges. Risks are reviewed by the directors and actions taken to mitigate them.

#### **Development and performance**

Our programmatic business with DSPs (Demand Side Platforms) represents 26% of our total revenue in 2021, TAM (Teads Ad Manager) 53% and managed services business represent 21%. We have also focused our business on Mobile campaigns. Mobile delivery represented 85% of our total turnover. Our vision and strategies for the future include aiming for a continued growth on Mobile and TAM Self-Serve business.

#### **Key performance indicators**

The company considers that its key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, the turnover and gross margin. In the year to 31 December 2021, turnover was £78.9 million, compared to £62.6 million in the year ended 2020, a growth of 26%. The operational Gross Margin increased by 7 points from 2020 (55%) to 2021 (62%).

#### **Promoting the success of the company**

In performing their duties under S172, the directors of the Company have had regard to the matters set out in S172 as follows :

Teads' mission is to foster a sustainable advertising and media ecosystem by funding quality journalism and respectfully connecting brands to consumers. Through direct and exclusive integrations with premium publishers, both in the UK and around the world, Teads delivers digital advertising at scale within the heart of editorial content. This guarantees brand safe, fraud free and totally viewable ad experiences that drive business results for advertisers. Teads' demand-side, sell-side and creative technology delivers effective and engaging advertising experiences for consumers, guaranteed outcomes for brands, and ultimately powers publishers with better monetization solutions to fund quality journalism.

As the business is built around editorial content, data practices are naturally privacy focused and not based around 3rd party cookies. Teads supports the move to greater regulation around data privacy for consumers.

Business results are measured against revenue and EBITDA targets, on a quarterly and annual basis. Since Teads started trading in the UK over 10 years ago, the business has delivered consistent growth in both areas and outperformed industry benchmarks in terms of overall advertising industry, as well as digital and video markets more specifically.

Teads is a technology business of entrepreneurs, with employees encouraged to innovate and create at a fast pace to solve market challenges and drive excellence for advertisers, media agencies and publishers.

## **TEADS LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

---

Teads is a board member of the IAB for both the UK and Europe, and is a founding member of the IAB UK's Gold Standard, currently certified at latest edition - Gold Standard 2.0. Teads has been independently audited and certified to JICWEBS' DTSG (Digital Trading Standards Group) and TAG Certified Against Fraud standards.

#### **Our people**

Teads is a company of entrepreneurs. We ensure all employees share our core values of Innovation, Hard work, Passion, Trust, A love of media, Team Spirit, Dedication to Clients

We encourage all employees to work collaboratively and communicate effectively in order to deliver our shared business goals.

#### **Clients**

Teads works with the largest and most well known brands in the UK, alongside the 6 biggest marketing holding groups in the world (WPP, Omnicom, Dentsu, Publicis, IPG, Havas) and various incredible independent agencies to deliver outstanding media results for advertisers.

Having clients at the heart of Teads' business means that innovation and progress is made in delivering solutions and over-indexing against industry benchmarks. Teads' Performance Product, introduced in 2018, guarantees quality business results and visitors to site. Meaning advertisers are no longer paying for accidental clicks or landing pages that don't load.

Teads' creative arm, Teads Studio, delivers best-in-class formats that engage rather than enrage consumers when reading editorial content.

#### **Suppliers**

Teads' suppliers are the most recognised publisher brands in the UK and around the world, including The Guardian, ESI, Reach, Condé Nast, Hearst, Sky and The BBC (internationally). By driving incremental revenue to their sites and supporting best-in-market ad formats, Teads is directly creating a more sustainable future for quality journalism.

In 2021 we signed a partnership with Newsguard whose third party review by trained journalists ensures we are only working with trusted, premium, news sources. This provides assurances for our clients but also ensures we are not supporting sources of misinformation or disinformation.

This is a pillar as part of our wider calling for brands and their agencies to Advertise Responsibly. This is where we call on media buyers to consider not just how their ad-spend will impact their marketing plans, but society as a whole. This includes blocking words or sites that could be prejudiced against certain sections of society, supporting platforms or suppliers who drive misinformation and hate speech or actively supporting diverse and purpose-focused publishers.

#### **Business impact**

Teads understands the wider implications of advertising on socio-economic issues including Diversity, Equity and Inclusion, the Environment and the recent impact of COVID-19 on society at large. Teads is supporting the government's Kickstart Scheme, bringing in 16 to 24 year olds on Universal Credit who are at risk of long term unemployment.

Teads has recently implemented a global Teads Together Council to work on global Diversity, Equity and Inclusion initiatives, and this has been replicated at a local level in the UK with the Culture Committee driving awareness and action for causes that are most important to the team.

We are conscious of the needs of the environment and currently looking at offsetting our carbon footprint by planting trees for every new starter. We are also undergoing market-leading research into our carbon footprint at a global level - taking into account emissions within Scope 1, Scope 2 and Scope 3 and therefore what measures can be taken to counteract these emissions.

#### **Going concern**

The accounts have been prepared on a going concern basis which is appropriate as the company has enough resources to sustain the business for at least 12 months from the approval of the accounts.

# **TEADS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

---

On behalf of the board

Justin Taylor  
**Director**

3 August 2022

# TEADS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

The directors present their annual report and financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the company continued to be advertising campaigns.

#### Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Betrand-Romain Quesada  
Justin Taylor

#### Auditor

In accordance with the company's articles, a resolution proposing that Shaw Gibbs (Audit) Limited be reappointed as auditor of the company will be put at a General Meeting.

#### Energy and carbon report

	2021 kWh
<i>Energy consumption</i>	
Aggregate of energy consumption in the year	
- Electricity purchased	46,003
	<hr/>
	46,003
	<hr/>
	2021 metric tonnes
<i>Emissions of CO2 equivalent</i>	
Scope 1 - direct emissions	
- Gas combustion	-
- Fuel consumed for owned transport	-
	<hr/>
	-
Scope 2 - indirect emissions	
- Electricity purchased	10.73
Scope 3 - other indirect emissions	
- Fuel consumed for transport not owned by the company	-
	<hr/>
Total gross emissions	10.73
	<hr/>
<i>Intensity ratio</i>	
Tonnes CO2e per full time employee	10.73
	<hr/>

#### Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

## TEADS LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

---

##### *Intensity measurement*

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee, the recommended ratio for the sector.

##### *Measures taken to improve energy efficiency*

The company has fully embraced video conferencing technology for both internal and external meetings, to help reduce the volume of travel required to the business. All office equipment is maintained to ensure optimum efficiency during use, and new technologies are investigated to determine potential application within the business. All end-of-life equipment is replaced with new energy efficient equipment as appropriate.

##### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 judgements 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.

##### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Justin Taylor  
**Director**

3 August 2022



# TEADS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEADS LIMITED

---

### Opinion

We have audited the financial statements of Teads Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# TEADS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF TEADS LIMITED

---

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. At the planning stage of the audit we gain an understanding of the laws and regulations which apply to the company and how the management seek to comply with those laws regulations. This helps us to plan appropriate risk assessments.
2. During the audit we focussed on relevant risk areas and review the compliance with the laws and regulations by making relevant enquiries and undertaking corroboration, for example by reviewing Board Minutes and other documentation.
3. We assessed the risk of material misstatement in the financial statements including as a result of fraud and undertook procedures including:
  - a. Reviewing the controls set in place by management
  - b. Making enquiries of management as to whether they consider fraud or other irregularity may have taken place, or where such opportunity might exist
  - c. Challenging management assumptions with regard to accounting estimates
  - d. Identifying and testing journal entries, particularly those which appear to be unusual by size or nature

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **TEADS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TEADS LIMITED**

---

#### **Use of our report**

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

**Stephen Howard Neal (Senior Statutory Auditor)  
For and on behalf of Shaw Gibbs (Audit) Limited**

3 August 2022

**Chartered Certified Accountants  
Statutory Auditor**

264 Banbury Road  
Oxford  
OX2 7DY

## TEADS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	78,866,930	62,641,622
Cost of sales		(29,882,618)	(28,207,284)
<b>Gross profit</b>		48,984,312	34,434,338
Administrative expenses		(22,293,409)	(21,531,747)
Other operating income		-	158,925
<b>Operating profit</b>	<b>4</b>	26,690,903	13,061,516
Interest receivable and similar income	<b>9</b>	1,734	10,779
Interest payable and similar expenses	<b>8</b>	(1,500)	(4,601)
<b>Profit before taxation</b>		26,691,137	13,067,694
Tax on profit	<b>10</b>	(3,970,861)	(2,208,682)
<b>Total comprehensive income for the year</b>		22,720,276	10,859,012

There are no recognised gains and losses other than those passing through the statement of comprehensive income.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# TEADS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021	2020
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	11	129,148	66,879
Investments	12	5,001	5,001
		<u>134,149</u>	<u>71,880</u>
<b>Current assets</b>			
Debtors	14	79,878,477	48,509,289
Cash at bank and in hand		4,957,469	4,866,613
		<u>84,835,946</u>	<u>53,375,902</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(41,405,684)</u>	<u>(32,623,522)</u>
<b>Net current assets</b>		<u>43,430,262</u>	<u>20,752,380</u>
<b>Total assets less current liabilities</b>		<u>43,564,411</u>	<u>20,824,260</u>
<b>Provisions for liabilities</b>		<u>(31,934)</u>	<u>(12,059)</u>
<b>Net assets</b>		<u><u>43,532,477</u></u>	<u><u>20,812,201</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	1,040,340	1,040,340
Profit and loss reserves		42,492,137	19,771,861
<b>Total equity</b>		<u><u>43,532,477</u></u>	<u><u>20,812,201</u></u>

The financial statements were approved by the board of directors and authorised for issue on 3 August 2022 and are signed on its behalf by:

Justin Taylor  
Director

Company Registration No. 07239735

## TEADS LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	1,040,340	8,912,849	9,953,189
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	10,859,012	10,859,012
Balance at 31 December 2020	1,040,340	19,771,861	20,812,201
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	22,720,276	22,720,276
Balance at 31 December 2021	1,040,340	42,492,137	43,532,477

# TEADS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	23	2,510,859		3,179,002	
Interest paid		(1,500)		(4,601)	
Income taxes paid		(2,303,324)		(433,845)	
<b>Net cash inflow from operating activities</b>		206,035		2,740,556	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(116,913)		(41,080)	
Interest received		1,734		10,779	
<b>Net cash used in investing activities</b>		(115,179)		(30,301)	
<b>Net increase in cash and cash equivalents</b>		90,856		2,710,255	
Cash and cash equivalents at beginning of year		4,866,613		2,156,358	
<b>Cash and cash equivalents at end of year</b>		4,957,469		4,866,613	

# TEADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **1 Accounting policies**

#### **Company information**

Teads Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, 201 Great Portland Street, Marylebone, London, W1W 5AB.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	at 33% at cost
Computer equipment	at 33% at cost
Fixtures and fittings	at 33% at cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **1.5 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.



# TEADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and loans to fellow group companies and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the recoverable amount. The impairment loss is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

# TEADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# TEADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

#### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Bad debt provision

The bad debt provision is reviewed at each accounting date and updated in line with the group policy. The provision is calculated by ascertaining the unpaid balances for three immediate past years. These balances are then used to work out average unpaid percentages which are then applied to the receivable balance at the year end to arrive at expected credit loss (bad debt provision) in line with IFRS.

#### Accruals - rebates

Included in accruals are rebates to customers. These are calculated based on total turnover with a customer with the required rebate percentage included in a signed agreement between the customer and the company.

#### Accruals - staff commission

Staff commission is awarded to staff based on meeting different targets and dependent on the department within which a member of staff works. Commission for those who work in the sales department is based on the level of turnover achieved in a particular period, whereas commission for those in the operations department is based on gross profit margin achieved in a particular period.

#### Prepayments and accrued income

The company processes customer invoices one month in arrears and so there is always a month's worth of accrued income based on the revenue generated on the platform. As a result, the accrued income as at the year end represents services provided in December which would be invoiced in January.

## TEADS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Online marketing	52,599,227	34,548,684
Recharged expenses	26,267,703	28,092,938
	<u>78,866,930</u>	<u>62,641,622</u>

	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	47,504,847	31,938,202
Europe	26,634,611	24,677,403
Rest of the World	4,727,472	6,026,017
	<u>78,866,930</u>	<u>62,641,622</u>

	2021 £	2020 £
<b>Other revenue</b>		
Interest income	1,734	10,779
	<u>1,734</u>	<u>10,779</u>

#### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging:		
Exchange losses	138,539	1,492,980
Depreciation of owned tangible fixed assets	54,644	73,380
Operating lease charges	989,786	661,798
	<u>1,182,969</u>	<u>2,228,158</u>

#### 5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	26,500	25,000
	<u>26,500</u>	<u>25,000</u>
<b>For other services</b>		
All other non-audit services	39,389	23,425
	<u>39,389</u>	<u>23,425</u>

# TEADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Sales and publishing	51	51
Marketing	9	7
Finance and administration	42	40
Management	2	2
Total	104	100

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	10,231,789	9,031,152
Social security costs	1,273,047	1,086,851
Pension costs	575,186	542,164
	12,080,022	10,660,167

### 7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	974,314	390,002

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	608,145	390,002

### 8 Interest payable and similar expenses

	2021 £	2020 £
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	1,500	1,500
Other interest	-	3,101
	1,500	4,601

# TEADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	1,734	10,779

### 10 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	5,048,835	2,213,544
Adjustments in respect of prior periods	(1,097,717)	-
Total current tax	3,951,118	2,213,544
<b>Deferred tax</b>		
Origination and reversal of timing differences	19,743	(4,862)
Total tax charge	3,970,861	2,208,682

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	26,691,137	13,067,694
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	5,071,316	2,482,862
Tax effect of expenses that are not deductible in determining taxable profit	93,748	23,323
Adjustments in respect of prior years	(1,097,717)	-
Group relief	(98,058)	(298,679)
Depreciation add back	10,316	13,942
Capital allowances	(28,487)	(7,904)
Provision for deferred tax	19,743	(4,862)
Taxation charge for the year	3,970,861	2,208,682

# TEADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Tangible fixed assets

	Leasehold land and buildings	Computer equipment	Fixtures and fittings	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	546,324	308,800	253,332	1,108,456
Additions	-	111,229	5,684	116,913
At 31 December 2021	546,324	420,029	259,016	1,225,369
<b>Depreciation and impairment</b>				
At 1 January 2021	545,276	253,050	243,251	1,041,577
Depreciation charged in the year	1,048	45,421	8,175	54,644
At 31 December 2021	546,324	298,471	251,426	1,096,221
<b>Carrying amount</b>				
At 31 December 2021	-	121,558	7,590	129,148
At 31 December 2020	1,048	55,750	10,081	66,879

### 12 Fixed asset investments

	2021 £	2020 £
Other investments	5,001	5,001

### 13 Financial instruments

	2021 £	2020 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	69,695,998	37,347,654
Equity instruments measured at cost less impairment	5,001	5,001
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	36,032,457	28,487,113

### 14 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	24,544,557	14,768,918
Amounts owed by group undertakings	44,882,669	22,311,694
Other debtors	268,772	267,042
Prepayments and accrued income	10,182,479	11,161,635
	79,878,477	48,509,289

# TEADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	3,885,229	799,123
Amounts owed to group undertakings	18,920,072	12,374,567
Corporation tax	3,326,126	1,678,464
Other taxation and social security	2,047,101	2,457,945
Other creditors	75,300	30,662
Accruals and deferred income	13,151,856	15,282,761
	<u>41,405,684</u>	<u>32,623,522</u>

HSBC Factoring (France) hold a fixed charge over the assets of the company.

### 16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	<u>31,934</u>	<u>12,059</u>
		2021 £
<b>Movements in the year:</b>		
Liability at 1 January 2021		12,059
Charge to profit or loss		19,875
Liability at 31 December 2021		<u>31,934</u>

### 17 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>575,186</u>	<u>542,164</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 18 Share capital

	2021 £	2020 £
<b>Issued and fully paid</b>		
1,410,000 ordinary shares of 1 euro each	<u>1,040,340</u>	<u>1,040,340</u>



## TEADS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19 Financial commitments, guarantees and contingent liabilities

A revolving credit agreement was entered into by Teads SA, the immediate parent company on 27 December 2012 with a lender for between Euros 5M to Euros 8M.

The company has jointly provided security by way of legal charge on its assets.

#### 20 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	304,681	309,584
Between two and five years	1,026,720	2,348,839
In over five years	-	146,674
	<u>1,331,401</u>	<u>2,805,097</u>

#### 21 Ultimate controlling party

The ultimate parent company is Altice Group Lux S.à r.l. registered in Luxembourg. The ultimate controlling party is considered to be Mr. Patrick Drahi by virtue of his shareholding in Altice Group Lux S.à r.l.

The largest group for which accounts are prepared is that headed by Altice Group Lux S.à r.l. The smallest group for which accounts are prepared is that headed by Altice Teads S.A. The address from which consolidated financial statements could be obtained is: 5 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

## TEADS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

#### 22 Related party transactions

The company has taken advantage of the exemption in FRS 102 not to disclose transactions and outstanding balances with other group companies which are wholly owned within the group.

#### 23 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	22,720,276	10,859,012
<b>Adjustments for:</b>		
Taxation charged	3,970,861	2,208,682
Finance costs	1,500	4,601
Investment income	(1,734)	(10,779)
Depreciation and impairment of tangible fixed assets	54,644	73,380
<b>Movements in working capital:</b>		
Increase in debtors	(31,369,188)	(11,681,561)
Increase in creditors	7,134,500	1,725,667
<b>Cash generated from operations</b>	<u>2,510,859</u>	<u>3,179,002</u>

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.