

COMPANY REGISTRATION NUMBER 08458656

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FLASH BIDCO LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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FLASH BIDCO LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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FLASH BIDCO LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr J. Meeks
Mr J. Seigler
Mr J. Nardone

Company Secretary

Vistra Company Secretaries Limited

Registered office

Suite 1
3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

FLASH BIDCO LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2019

Flash Bidco Limited is an intermediate holding company (the "Company") between Flash Topco Limited and Simplicity Marketing Limited. Simplicity Marketing Limited and its subsidiaries make up the trading entities of the Flashtalking Group (the "Group") and below is their Review of the Business.

REVIEW OF THE BUSINESS

Simplicity Marketing Limited, trading as "Flashtalking", is an independent ad serving, measuring and technology company, providing best-in-class digital advertising products, service and support for online advertisers, key media buying and creative agencies.

Flashtalking's products facilitate the management, delivery and measuring of all forms of digital advertising across desktop, tablet and mobile. Core aspects include display (including standard ads, dynamic, rich media, video, HTML 5 and mobile), search, social and affiliates.

Flashtalking serves billions of ad impressions throughout US, European and international markets for the leading marketers and their advertising agency partners. Regional offices are located in London, Leeds, New York, San Francisco, Los Angeles, Chicago, Cologne, Paris, Madrid, Milan and Sydney.

RESULTS AND PERFORMANCE

The results for the Company for the year, as set out on pages 10 to 20, show a loss before income tax of £1,575,773 (2018: £1,915,000). The total equity of the Company totals £62,764,880 (2018: £64,302,781). The full year trading results of the operating business within the Group can be seen in the Simplicity Marketing Limited financial statements for the year ended 31 December 2019.

The financial performance of the Group during 2019 has been successful. The Group continued to demonstrate growth, with revenues growing by 24% year-on-year whilst protecting the operating margin. The management believes the Group is well positioned to grow further in the future by utilising its experience and technology to deliver high quality services to its growing customer base.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's performance is impacted by the general economic climate in the USA, UK, mainland Europe and Australia. This risk is managed by ensuring that the Group operates across a range of markets with a broad client base.

KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward nature of the business, the Group's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. Standard financial statements (Income Statement and Balance Sheet Statement) are sufficient to provide information about the financial position, performance and changes in financial position of the business that is useful to a wide range of stakeholders.

BUSINESS ENVIRONMENT

The digital advertising industry is maturing and changing as relevant and useful marketing to customers is balanced against consumers privacy concerns. In May of 2018 the EU introduced the General Data Protection Regulation (GDPR) that set guidelines and rules for advertisers in the control and ownership of customer data for all individual citizens across EU and EEA. The US is poised to follow suit by introducing its version of e-privacy legislation. The introduction of the GDPR privacy legislation resulted in Google restricting access and portability of its ad server log data. This has challenged many European advertisers in their ability to track and analyse customer data and make informed marketing decisions. Google has indicated that they may take similar actions in North America as well as the rest of the world. The management believes that this creates an opportunity for Flashtalking. The company is the industry's only independent ad server. As such it can work with all ecosystem players creating a single platform for sophisticated advertisers across the globe who want to own and control their data and analytics.

FLASH BIDCO LIMITED

STRATEGIC REPORT (continued) YEAR ENDED 31 DECEMBER 2019

BUSINESS ENVIRONMENT (CONTINUED)

Over the past four years, Flashtalking has invested heavily in its products and organizational capabilities to create the industry's leading advertising management platform servicing its clients across four areas: primary ad serving, personalisation, identity orchestration and advanced analytics. With all these investments the Group is well positioned to provide an alternative to "walled gardens" for customers that value media independence, ownership and control of data, creative relevance and enterprise-level customer service. The company will continue to invest in the technology platform and improve its service offering to provide high quality services to its customers. Furthermore, the Group is planning to expand to new markets in 2020 by opening offices and hiring people across several jurisdictions in order to meet the growing demands of its global clients.

DIRECTORS' SECTION 172 STATEMENT

The Directors of the company must act in accordance with a set of general duties, as detailed in section 172 of the UK Companies Act 2006, summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interest of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the shareholders of the company.'

The directors fulfil these duties as follows:

Risk management

The company has a long-term strategic plan that effectively identifies, evaluates and mitigates the risks which the company faces, ensuring they are sufficiently considered and, if applicable, hedged against for the future. The directors will invariably delegate day-to-day management and decision making to executive management, but will ensure that management is acting in accordance with the strategy and plans agreed by the board.

The interest of the company's employees

The board recognises that employees are central to the long-term success of the company. The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its prosperity. The Company encourages the involvement of employees by means of regular meetings to keep them informed of the Company's progress. The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or sexual orientation.

Business relationships with suppliers, customers and others

The directors appreciate the importance of fostering business relationships with key stakeholders, such as customers and suppliers, and focus on the maintenance and growth of these relationships in their decision-making and strategic planning. The company employs dedicated relationship managers to foster these relationships which also ensures the board has a high degree of visibility to take stakeholder considerations into account.

FLASH BIDCO LIMITED

STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2019

DIRECTORS' SECTION 172 STATEMENT (CONTINUED)

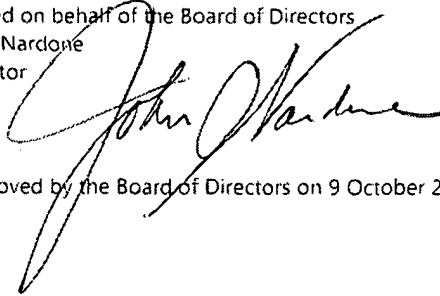
Community and environment

The company's approach is to use its position of strength to ensure it is an asset to the communities and people with which it interacts. The board ensures significant consideration is given to the impact of the company's operations on the community and environment in their decision-making. The company strives to create positive change in reducing the environmental impact of its businesses and to meet the highest level of health and safety and environmental standards, whilst maintaining effective and continuing business practices.

Shareholders

The board recognises the importance of regular and open dialogue with the shareholders and the need to ensure the strategy and goals of the company are effectively communicated to them. Feedback on these plans and objectives is welcomed by the directors and major business decisions are made closely and with the approval of the shareholders.

Signed on behalf of the Board of Directors
Mr J. Nardone
Director

A handwritten signature in black ink, appearing to read 'John Nardone', written over the printed name and title.

Approved by the Board of Directors on 9 October 2020.

FLASH BIDCO LIMITED

DIRECTORS' REPORT YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The loss for the year amounted to £1,575,773 (2018: £1,915,000). No dividend was received from Simplicity Marketing Limited during the year (2018: £nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Flash Bidco Limited is the parent company of the Simplicity Marketing Limited group, trading as 'Flashtalking' ('the Group').

The Group's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and interest risk. The Group has a risk management programme in place that seeks to limit the adverse effect on the financial performance of the Group.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the directors are implemented by the Group's finance department.

FOREIGN EXCHANGE RISK

The Group has assets and liabilities dominated in foreign currencies, mainly US Dollar, Euro, and Australian Dollar. The Group does not use derivative financial instruments to manage the risk of fluctuating exchange rates, so no hedge accounting is applied. The Group has in place a foreign exchange policy and will reconsider the appropriateness of this policy should the Group's operations change in size or nature.

CREDIT RISK

The Group has no significant concentration of credit risk. Cash and cash equivalents are deposited within high-credit quality financial institutions and trade debtors are due principally from well-established customers. In spite of the well-established customer base, there is still a risk as the customer may default on the payment of their debts and the Group mitigates this risk by performing credit risk assessments on all of its potential customers, prior to the sale being made.

LIQUIDITY RISK

The Group actively manages its finances to ensure that it has sufficient available funds for its operations.

INTEREST RISK

The Group has both interest-bearing assets, which are generally held at floating rates, and interest-bearing liabilities, which are generally held at fixed rates. The Group monitors its portfolio of interest-bearing assets and liabilities and their financial impact. The Group will reconsider the appropriate structure of its portfolio should the Group's operations change in size or nature.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Mr J. Meeks
Mr J. Seigler
Mr J. Nardone

FUTURE DEVELOPMENTS

The Group continues to invest in the development of staff and new technology in order to position the company for future growth. With GDPR coming into effect the Group remains well positioned to provide an alternative to "walled gardens" as the only independent ad server for sophisticated advertisers who want to own and control their data and analytics. The management believes that there are several growth opportunities in the market, organic and through acquisitions, that the Company will continue to explore in the future.

FLASH BIDCO LIMITED

DIRECTORS' REPORT (continued) YEAR ENDED 31 DECEMBER 2019

COVID-19

The directors are acutely aware of the Coronavirus pandemic and the impact that this is having on economies Worldwide. The Flashalking group saw reduced demand in March and April 2020, but subsequently volumes have increased and the Board expect to deliver further growth in the business in 2020 and 2021. As such, management are confident that the pandemic will not significantly affect the company or group in the foreseeable future.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

DIRECTORS' INDEMNITY

As permitted by the Articles of Association, each of the directors has the benefit of an indemnity, which is a qualifying third-party indemnity as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the tenure of each director during the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors and Officers liability insurance in respect of itself and its directors.

AUDITOR RE-APPOINTMENT

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

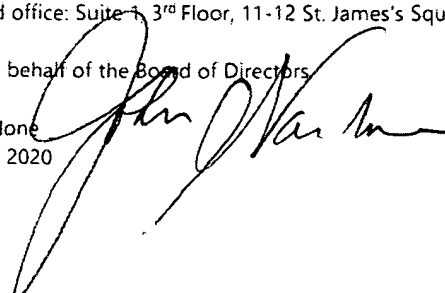
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The financial statements on pages 10 to 20 were approved by the Board of Directors on 9 October 2020 and signed on its behalf by Mr J. Nardone.

Registered office: Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB.

Signed on behalf of the Board of Directors

Mr J. Nardone
9 October 2020



FLASH BIDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLASH BIDCO LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Flash Bidco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

FLASH BIDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLASH BIDCO LIMITED (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

FLASH BIDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLASH BIDCO LIMITED (continued)

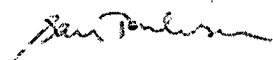
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Samuel Tomlinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 October 2020

FLASH BIDCO LIMITED**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

		2019	2018
		£	£
Revenue	8	<u>120,000</u>	<u>120,000</u>
Gross Profit		120,000	120,000
Administrative expenses	9	<u>(38,915)</u>	<u>-</u>
Operating Profit		81,085	120,000
Finance costs	7	<u>(1,656,858)</u>	<u>(2,035,000)</u>
Loss before income tax		(1,575,773)	(1,915,000)
Income tax expense		<u>-</u>	<u>-</u>
Loss for the financial year		(1,575,773)	(1,915,000)

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

There is no material difference between the loss before income tax and the loss for the year stated above and their historical cost equivalents.

FLASH BIDCO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	£	£
Loss for financial year	(1,575,773)	(1,915,000)
Total comprehensive loss for the year	(1,575,773)	(1,915,000)

FLASH BIDCO LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	31 December 2019 £	31 December 2018 £
ASSETS			
Fixed Assets			
Investments	3	95,572,025	95,534,153
<i>Total fixed assets</i>		<u>95,572,025</u>	<u>95,534,153</u>
Current Assets			
Trade and other receivables	4	300,000	180,000
<i>Total current assets</i>		<u>300,000</u>	<u>180,000</u>
Total assets		<u>95,872,025</u>	<u>95,714,153</u>
LIABILITIES			
<i>Creditors: amounts falling due after more than one year</i>	5	7,525,091	18,500,000
<i>Creditors: amounts falling due within one year</i>	6	25,582,054	12,911,372
Total liabilities		<u>33,107,145</u>	<u>31,411,372</u>
NET ASSETS		<u>62,764,880</u>	<u>64,302,781</u>
EQUITY			
Called up share capital	12	55,166,667	55,166,667
Share premium account	12	7,679,563	7,641,691
Retained earnings		(81,350)	1,494,423
TOTAL EQUITY		<u>62,764,880</u>	<u>64,302,781</u>

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 10 to 20 were approved by the Board of Directors and authorised for issue on 9 October 2020 and signed on its behalf by

Mr J. Nardone
9 October 2020

Company registration number: 08458656

FLASH BIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

		Share capital and share premium	Retained earnings/ (accumulated losses)	Total equity
	Note	£	£	£
Balance at 1 January 2018		54,166,667	3,409,423	57,576,090
Issue of 1,000,000 ordinary shares	12	8,641,691	-	8,641,691
Total share issuances		8,641,691	-	8,641,691
Loss for financial year		-	(1,915,000)	(1,915,000)
Total comprehensive expense for the year		-	(1,915,000)	(1,915,000)
Balance at 31 December 2018		62,808,358	1,494,423	64,302,781
Prior year adjustment in relation to Spongecell acquisition	12	37,872	-	37,872
Total shares and share premium movement		37,872	-	37,872
Loss for financial year		-	(1,575,773)	(1,575,773)
Total comprehensive expense for the year		-	(1,575,773)	(1,575,773)
Balance at 31 December 2019		62,846,230	(81,350)	62,764,880

FLASH BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Flash Bidco Limited is an intermediate holding company (the "Company") between Flash Topco Limited and Simplicity Marketing Limited. Simplicity Marketing Limited and its subsidiaries make up the trading entities of the Flashtalking Group (the "Group").

The operating businesses within the Group, trading as "Flashtalking", are independent ad serving, measuring and technology companies providing best-in-class digital advertising products, service and support for online advertisers, key media buying and creative agencies.

The Company is a private company limited by shares, incorporated on 22nd March 2013 and domiciled in the United Kingdom, with a registered address at Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB. These Company financial statements were authorised for issue by the Board of Directors on 9 October 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1. BASIS OF PREPARATION

The financial statements of Flash Bidco Limited have been prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements are presented in Pounds Sterling and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no critical accounting estimates that impact the financial statements. Accounting policies have been applied consistently, other than where new policies have been adopted.

As there was no cash held or generated by the Company, a statement of cash flow has not been prepared.

The exemptions from the requirements of IFRS, which are available to entities preparing accounts in accordance with FRS101, are not applicable to Flash Bidco Limited due to the nature of the business and limited activity of the entity.

As per note 2.2 below, Flash Bidco Limited is exempt from the requirement to prepare consolidated financial statements as per Section 400 of the Companies Act 2006.

Going concern

The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume Flash Bidco Limited will continue in business. The directors believe that the adoption of the going concern basis in the preparation of the financial statements is appropriate.

2.2. BASIS OF CONSOLIDATION

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and whose financial statements are publicly available. In accordance with Section 400 of the Companies Act 2006, the Company is not required to produce, and has not published, consolidated financial statements.

The financial statements report transactions and balances for the company only, and not of its group.

2.3. REVENUE RECOGNITION

Revenue represents fees which the Company charges to its subsidiary, Simplicity Marketing Limited, for management

FLASH BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

services.

2.4. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team. The Group has identified one operating segment under IFRS 8 (as applied under FRS101).

2.5. TAXATION

The Company did not incur an income tax or deferred tax expense in 2019 (2018: £nil).

2.6. TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectable, it is written off against the provision account in trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7. CAPITAL MANAGEMENT

The group's objectives, when managing capital, are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings', as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. During 2019, the group's strategy, which was unchanged from 2018, was to maintain the gearing ratio within 25% to 50%.

	2019	2018
	£	£
Total borrowings	7,525,091	18,500,000
Less: cash and cash equivalents	-	-
Net debt	7,525,091	18,500,000
Total equity	62,764,880	64,302,781
Total capital	70,289,971	82,802,781
Gearing ratio	10.7%	22.3%

The decrease in the gearing ratio during 2019 resulted primarily from a refinancing of the overall Flashtalking group's debt facilities in September 2019.

FLASH BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

2.8 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.9 INVESTMENT IN SUBSIDIARIES

Investments in equity shares in subsidiaries included in the Company Balance Sheet are stated at cost less provision for impairment. Such investments are tested for impairment at each balance sheet date or earlier if events or circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised in the income statement as the amount by which the asset's carrying amount exceeds its recoverable amount.

From 1 January 2020 onwards, the Company will account for investments in subsidiaries in accordance with IAS 39 (as applied under FRS 101) under the fair value model of accounting. The change in policy is considered to provide more relevant and reliable information to users of the financial statements in accordance with the requirements of IAS 8 by more accurately reflecting the value of the Company's investments. The change provides the Company with greater flexibility when managing capital, including debt and equity funding and shareholders returns.

2.10 TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 FINANCE INCOME AND EXPENSES

Interest income and expenses are recognised on a time-proportion basis using the effective interest method.

FLASH BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.13 PARTICULARS OF EMPLOYEES

During the year, the Company had no employees (2018: none).

3. INVESTMENTS

	£
At 1 January 2018	
Cost	86,892,462
Additions	8,641,691
Closing Net Book Amount at 31 December 2018	95,534,153
At 1 January 2019	
Cost	95,534,153
Prior year correction	37,872
Closing Net Book Amount at 31 December 2019	95,572,025

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company has investments in the following subsidiary undertakings at 31 December 2019:

Company name	Ordinary Shares	Nature of Activity	Registered Office
Flashtalking Inc.	100% (subsidiary of Simplicity Marketing Limited)	Internet advertising	142 W. 36th Street, 10th Floor, New York, NY 10018, USA
Spongecell Inc.	100% (subsidiary of Flashtalking Inc.)	Internet advertising	142 W. 36th Street, 10th Floor, New York, NY 10018, USA
Flashtalking GmbH	100% (subsidiary of Simplicity Marketing Limited)	Internet advertising	Schanzenstraße 35, 51063 Cologne, Germany
Flashtalking Pty Ltd	100% (subsidiary of Simplicity Marketing Limited)	Internet advertising	Studio 6, 8 Hercules Street, Surry Hills, Sydney NSW 2010, Australia
Simplicity Marketing Limited	100%	Internet advertising	Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB

The Company is the sole investor in and owner of Simplicity Marketing Limited. The investments in all other companies listed are indirect in that those companies are all wholly owned by Simplicity Marketing Limited.

Investments – prior year correction

The prior year correction relates to an adjustment relating to the acquisition of Spongecell Inc ('SCI') in 2018.

The acquisition transaction included a Net Working Capital calculation, whereby if the target was not achieved would result in shares being returned and cancelled. The target was not met and consequently shares were returned and cancelled.

FLASH BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

3 INVESTMENTS (CONTINUED)

Investments – prior year correction (continued)

An adjustment was made for this return and cancellation to share premium in 2018. Upon further review, management have identified that this was not correct, and share premium should not have been affected.

The correction above increases share premium to the appropriate balance post transaction.

4. TRADE AND OTHER RECEIVABLES

	2019 £	2018 £
Amounts owed by Group undertakings	300,000	180,000
	300,000	180,000

The Company provides services to its wholly owned subsidiary, Simplicity Marketing Limited. The total amount due for these services for 2019 was £120,000 (2018: £120,000). During the year, there have been no payments made.

The amounts recoverable from group undertakings are unsecured, interest free, and repayable on demand.

5. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019		2018	
	Non-current £	Total £	Non-current £	Total £
Subordinated debt	7,525,091	7,525,091	18,500,000	18,500,000
Total borrowings	7,525,091	7,525,091	18,500,000	18,500,000

Subordinated debt is unsecured, interest bearing, and repayable in September 2028.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Amounts owed to Group undertakings	25,582,054	12,911,372
	25,582,054	12,911,372

Amounts owed to subsidiary undertakings are unsecured, interest free, and repayable on demand.

The significant increase year on year is due to the refinancing of the FlashTalking Group's debt facilities in September 2019. As part of this refinancing arrangement, subordinated debt in Flash Bidco Limited was retired by way of debt raised within Simplicity Marketing Limited. The repayment of the subordinated debt by Simplicity Marketing Limited has resulted in an increase in the Group undertakings.

7. FINANCE COSTS

	2019 £	2018 £
Interest on subordinated debt	1,656,858	2,035,000
	1,656,858	2,035,000

FLASH BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

8. REVENUE

	2019	2018
	£	£
Management services to Simplicity Marketing Limited	120,000	120,000
	120,000	120,000

9. MATERIAL PROFIT OR LOSS ITEMS

The company has identified items which are material due to the significance of the nature and/or amount. These are listed separately below in order to provide a better understanding of the financial performance of the company.

	Note	2019	2018
		£	£
Refinancing facility amendment fees	(a)	(38,915)	-
		(38,915)	-

The full balance of the above material item is included in the administrative expenses balance in the Income Statement.

(a) Refinancing facility amendment fees

In September 2019, the group entered into a refinancing arrangement in relation to its debt. This expense reported in the Income Statement is for fees payable in relation to the amendment of the refinancing facility, concerning the payoff, agreed with BOC (the subordinated debt provider).

10. RELATED PARTY TRANSACTIONS

There were no related party transactions recorded during 2019 (2018: none). In September 2019 the repayment date of subordinated loan notes to the majority shareholder was extended to 30 September 2028.

11. DIRECTORS' REMUNERATION

The directors of the Company, where paid, receive remuneration from the Simplicity Marketing Limited group. Directors remuneration was paid through Flashtalking Inc., a wholly owned subsidiary of Simplicity Marketing Limited only. Sums receivable were as follows:

	2019	2018
	£	£
Remuneration receivable	391,379	351,898
	391,379	351,898

Remuneration of highest paid director:		
Total remuneration (excluding pension contributions)	391,379	351,898

There was no remuneration paid through the Company in financial year ended 31 December 2019 or 31 December 2018.

During 2019 there were no share awards granted and the directors did not exercise any options.

FLASH BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

12. SHARE CAPITAL AND SHARE PREMIUM

	2019		2018	
	Number	£	Number	£
Ordinary shares of £1.00 each – opening balance	55,166,667	62,808,358	54,166,667	54,166,667
Ordinary shares of £1.00 each – issued in year	-	-	1,000,000	1,000,000
Additional paid in capital	-	-	-	7,641,691
Prior year error	-	37,872	-	-
Total	55,166,667	62,846,230	55,166,667	62,808,358

Prior year correction – share capital and share premium account – refer to note 3 for an explanation of this adjustment.

13. ULTIMATE PARENT COMPANY

The immediate parent company is Flash Topco Limited, a company incorporated in England and Wales.

The Company's controlling party and ultimate parent company during the year was TA XI, L.P., a limited partnership in the United States of America.

The only group that these financial statements have been consolidated into is Flash Topco Limited, a company incorporated in England and Wales. Copies of the Flash Topco Limited consolidated financial statements can be obtained from Companies House. Copies of Simplicity Marketing Limited consolidated financial statements can be obtained at the company's business address at 5th floor, 20 Rathbone Place, W1T 1HY, London, United Kingdom.

14. AUDITORS' REMUNERATION

The audit fees for the Company were settled by Simplicity Marketing Limited as disclosed in the annual report of that company. The total amount of auditor's remuneration, for audit services, for the financial year ended 31 December 2019 was £74,040 (2018 £88,000).

15. SUBSEQUENT EVENTS

Adjusting events

Based upon managements evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the financial statements.

Non-adjusting events

Covid-19.

The directors are acutely aware of the Coronavirus pandemic and the impact that this is having on economies Worldwide.

The Flashtalking group saw reduced demand in March and April 2020, but subsequently volumes have increased and the Board expect to deliver further growth in the business in 2020 and 2021. As such, management are confident that the pandemic will not significantly affect the company or group in the foreseeable future.