

COMPANY REGISTRATION NUMBER 08506959

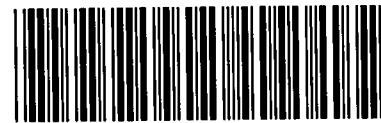
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FLASH TOPCO LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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FLASH TOPCO LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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FLASH TOPCO LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr J. Nardone Mr M. Fosnaugh Mr M. Taylor Mr R. Aliabadi Mr B. Wise
Company Secretary	Vistra Company Secretaries Limited
Registered office	Suite 1 3 rd Floor 11-12 St. James's Square London SW1Y 4LB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 1 Embankment Place London WC2N 6RH

FLASH TOPCO LIMITED

STRATEGIC REPORT YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for Flash Topco Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2020.

REVIEW OF THE BUSINESS

Flash Topco Limited, trading as "Flashalking", 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.

Flashalking'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.

Flashalking 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 group, as set out on pages 11 to 51, show a profit on ordinary activities before tax of £8,097,227 (2019: £2,808,018). The total equity of the group is £59,714,651 (2019: £78,706,128). 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 2020.

The financial performance of the group during 2020 has been successful. The group continued to demonstrate growth, with revenues growing by 10% 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.

Flash Topco Limited undertook two share buy-back transactions in February and March 2020. Owing to a failure by a third party to make certain Companies House filings in connection with steps related to the buy-back transactions, Flash Topco Limited had insufficient distributable reserves at the point at which the buy-back transactions were undertaken and they were, therefore, ineffective. Dividends declared were conditional upon the aforementioned filings having taken effect. As a result of foreign exchange driven losses having been incurred by Simplicity Marketing Limited between the date of the dividend being declared and the filing date, part of the distribution paid by Simplicity Marketing Limited to Flash Bidco Limited was deemed unlawful.

As is conventional in this type of situation, Flash Topco Limited applied to the Court for an order sanctioning a reduction of capital cancelling the A Ordinary Shares and B1 Ordinary Shares which were the subject of the buy-back transactions on the basis that any liability which might have existed on the part of sellers to repay the sums received by them in connection with the buy-back transactions be released. The Court Order was granted on the 9th of March 2021 and registered at Companies House on the 17th of March 2021, at which point the buy-back transactions were formally cancelled.

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, Balance Sheet and Cash Flow 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 continues to mature and evolve, with advertisers continuing to place increasing emphasis on owning the data that they use to recognize and communicate with their consumers. The increased focus on data ownership, and the unwillingness of walled gardens to provide ownership of or access to data, provides substantial momentum for the company as the independent alternative to walled gardens like Google, Facebook, or Amazon.

Additionally, Google's announcement in respect to ending support for 3rd party cookies in Chrome from 2023 has created further interest in the company's offering. As the only independent ad server not reliant on cookies, management believes that the company will be well positioned to capture share among advertisers who require granular insight into advertising delivery and performance.

FLASH TOPCO LIMITED

STRATEGIC REPORT YEAR ENDED 31 DECEMBER 2020

BUSINESS ENVIRONMENT (continued)

The company is also seeing an increase in clients shifting towards purchasing full-stack offerings that can meet all needs in a single package, rather than buying multiple "point solutions" that each serve a specific use. With the company having invested substantially over the past four years in expanding its product set, management believes that this shift in buying pattern results in a competitive advantage, as the company now has competitive products across DCO, primary ad serving, video, identity, advanced analytics, and verification.

On 31 August 2021, Mediaocean LLC completed the share purchase acquisition of Flash Topco Limited. Mediaocean LLC are long standing and well established in the AdTech industry, employing 1,200 people across 20 global offices. Mediaocean LLC are a successful AdTech company providing a platform for omnichannel advertising, with more than \$200 billion in annualised media spend managed through their platform. Refer to the Directors' report for further consideration of the impact of the acquisition on the director's going concern assessment.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Large organisations are now obliged to report publicly on their energy use and carbon emissions. Below you can see the group's assessment for 2020. This analyses how much energy we have used in our UK offices.

This energy is then converted into greenhouse gas (carbon) emissions. From this assessment we have calculated a ratio of 0.3 tonnes of CO₂e emissions per average employee in the UK. In the next reporting period, we will be able to compare year-on-year progress.

Intensity Ratio:

0.3 tonnes of CO₂e per average number of employees in the UK in the year to 31 December 2020.

Energy Efficiencies:

The group operates in a low carbon sector with minimal energy requirements, and we are constantly reviewing our energy usage to identify opportunities to reduce our environmental impact where possible.

Methodology:

We have used the operational control consolidation method and have reported on all the emission sources required under *The Large and Medium-sized Companies and groups (Accounts and Reports) Regulations 2008 as amended in August 2013*.

The electricity quantities used in the year were taken from the suppliers' invoices for our offices in London and Leeds. Conversion factors for this were obtained from www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020. We do not consume gas or transportation energy in relation to business travel.

SECR 2020 UK Energy Use:

Activity	kWh	CO ₂ e
Electricity	77,888	18.2

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.

FLASH TOPCO LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2020

DIRECTORS' SECTION 172 STATEMENT (CONTINUED)

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

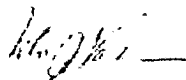
The directors appreciate the importance of fostering business relationships with key stakeholders, such as customers and suppliers, and focus on the maintenance and growth of these relationships in their decision-making and strategic planning. The company employs dedicated relationship managers to foster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

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
Company Director

Approved by the Board of Directors on 30 September 2021

FLASH TOPCO LIMITED

DIRECTORS' REPORT YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2020.

RESULTS

The profit for the financial year amounted to £4,887,993 (2019: profit of £996,455).

GOING CONCERN

The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume Flash Topco Limited and its subsidiaries will continue in business. The Group is in a positive net assets position, as well as having positive cash flow both at the balance sheet date and date of signing the financial statements. Management has prepared cash flow forecasts through to September 2022 that show the Group will continue to generate positive cash flow over this period. These forecasts have been stress tested to include a severe but plausible downside scenario, even under these conditions the Group remains able to fund ongoing trading liquidity requirements from within existing cash resources for a period of at least 12 months from the date of signing the financial statements. The directors therefore have no concerns with regards to the Group's ability to continue as a going concern.

As disclosed in note 28, the Group was acquired by Mediaocean LLC in August 2021. As a direct result of the acquisition, a material uncertainty is created which may cast significant doubt over the Group and Company's ability to continue as a going concern beyond the date of sale. The directors of the Company cannot fully assess whether the going concern basis of accounting will now remain appropriate for the Group and Company after the acquisition by Mediaocean LLC as not all future events or conditions can be predicted, and the acquirer's future plans are not yet known. The financial statements do not include adjustments that would result if the Group and Company were unable to continue as a going concern.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Mr J. Nardone

Mr J. Meeks (Resigned on 31st August 2021)

Mr J. Seigler (Resigned on 31st August 2021)

Mr M. Fosnaugh (Appointed on 31st August 2021)

Mr M. Taylor (Appointed on 31st August 2021)

Mr R. Aliabadi (Appointed on 31st August 2021)

Mr B. Wise (Appointed on 31st August 2021)

FLASH TOPCO LIMITED

DIRECTORS' REPORT YEAR ENDED 31 DECEMBER 2020

STRATEGIC REPORT

Please refer to the Strategic Report on pages 2 to 4.

FUTURE DEVELOPMENTS

The group continues to invest in the development of staff and new technology in order to position the company for future growth. The company intends to continue to expand its product capabilities, with investments being made in areas seen as offering strategic importance and growth. Management believes that there are various growth opportunities in the market, both organic and through acquisitions, which they will continue to explore in the year ahead.

In August 2021, Mediaocean LLC completed the acquisition of all of the issued share capital of Flash Topco Limited. As a result of this acquisition, the new ultimate parent company of the group is Poseidon Holding LLC, a limited liability company in the United States of America.

Mediaocean LLC are a successful AdTech company providing a platform for omnichannel advertising, with more than \$200 billion in annualized media spend managed through their platform.

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, with volumes recovering in the remainder of 2020 and the company delivering growth year on year. As such, management are confident that the pandemic will not significantly affect the company or group in the foreseeable future with further growth forecast in 2021.

EMPLOYMENT OF DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability. The group did not employ any disabled persons during the financial year ended 31 December 2020.

EMPLOYEE INVOLVEMENT

Consultation with employees or their managers has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. All employees are aware of the objectives, targets and performance of their department and of financial performance of the group as a whole and are rewarded according to the results of both through an annual bonus scheme. Communication with all employees continues through email, internal open meetings, briefing groups and video conferencing.

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 group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 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 group and company will continue in business.

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

FLASH TOPCO LIMITED

DIRECTORS' REPORT YEAR ENDED 31 DECEMBER 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONTINUED)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 2016. 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.

AUDITORS 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.

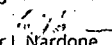
Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all steps that they ought to have taken as a director 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 11 to 51 were approved by the Board of Directors on 30 September 2021 and signed on its behalf by Mr J. Nardone.

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

Signed on behalf of the Board of Directors


Mr J. Nardone
30 September 2021

FLASH TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLASH TOPCO LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Flash Topco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 consolidated and company balance sheets as at 31 December 2020; the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated and company statements 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 group 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's and the company's ability to continue as a going concern. The Group was acquired by Mediaocean LLC in August 2021. The directors of the Company cannot fully assess whether the going concern basis of accounting will now remain appropriate for the Group and Company after the acquisition by Mediaocean LLC as not all future events or conditions can be predicted, and the acquirer's future plans are not yet known. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a 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.

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

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.

FLASH TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLASH TOPCO LIMITED

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.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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 group and company and their 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 group's and 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 group or 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

FLASH TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLASH TOPCO LIMITED

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Addressing the risk of management override of internal controls, including testing of journal entries (in particular, journal entries posted with an unusual account combination);
- Evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates; and
- Reviewing relevant board of directors meeting minutes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

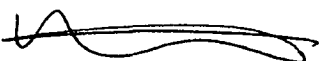
OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

- we have not obtained 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



David Braddy (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 September 2021

FLASH TOPCO LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Note	£	£
Revenue	17	62,391,637	56,670,301
Cost of Sales	18	(7,559,976)	(6,340,880)
Gross Profit		54,831,661	50,329,421
Selling and marketing costs	18	(6,725,232)	(7,687,564)
Administrative expenses	18	(12,674,339)	(13,804,874)
Technical support and development	18	(23,865,939)	(23,439,954)
Operating Profit		11,566,151	5,397,029
Finance income	18	1,104	1,525
Finance costs	18	(3,470,028)	(2,590,536)
Profit before income tax		8,097,227	2,808,018
Income tax expense	13	(3,209,234)	(1,811,563)
Profit for the financial year		4,887,993	996,455

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Income statement.

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

FLASH TOPCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Profit for the financial year		4,887,993	996,455
Other comprehensive expense items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	16	(645,625)	(749,949)
Total comprehensive income for the year		4,242,368	246,506

FLASH TOPCO LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020**

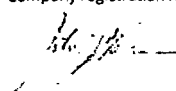
		31 December 2020	31 December 2019
	Note	£	£
ASSETS			
Non-current assets			
Intangible assets	4	88,479,865	88,583,638
Property, plant and equipment	5	823,420	1,026,291
Right-of-use assets	6	2,155,013	3,435,323
Deferred tax assets	13	2,223,819	2,718,058
<i>Total non-current assets</i>		<u>93,682,117</u>	<u>95,763,310</u>
Current Assets			
Trade and other receivables	8	22,592,117	21,302,589
Cash and cash equivalents	9	10,347,686	6,229,251
Current income tax assets	13	-	562,256
<i>Total current assets</i>		<u>32,939,803</u>	<u>28,094,096</u>
Total assets		<u>126,621,920</u>	<u>123,857,406</u>
LIABILITIES			
Non-current liabilities			
Borrowings	10	51,585,782	30,745,309
Deferred consideration	11	1,622,613	1,387,909
Deferred tax liabilities	13	1,125,213	1,003,080
Lease liabilities	6	1,204,825	2,221,561
<i>Total non-current liabilities</i>		<u>55,538,433</u>	<u>35,357,859</u>
Current liabilities			
Trade and other payables	12	9,529,227	8,304,024
Corporation tax payable	13	452,231	-
Borrowings	10	428,731	334,382
Lease liabilities	6	958,647	1,155,013
<i>Total current liabilities</i>		<u>11,368,836</u>	<u>9,793,419</u>
Total liabilities		<u>66,907,269</u>	<u>45,151,278</u>
NET ASSETS		<u>59,714,651</u>	<u>78,706,128</u>
EQUITY			
Share capital and share premium	14,16	23,607,456	65,350,858
Share options reserve	16	7,427,240	6,830,352
Other reserves	16	(22,697,557)	1,714,725
Retained earnings	16	51,377,512	4,810,193
TOTAL EQUITY		<u>59,714,651</u>	<u>78,706,128</u>

The financial statements on pages 11 to 51 were approved and authorised for issue by the Board of Directors on 30 September 2021 and signed on its behalf by

Mr J. Nardone

30 September 2021

Company registration number: 08506959



FLASH TOPCO LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020**

		31 December 2020	31 December 2019 restated
	Note	£	£
ASSETS			
Non-current assets			
Investment in subsidiaries	7	126,781,000	116,778,987
Trade and other receivables	8	3,035,948	2,925,167
<i>Total non-current assets</i>		<u>129,816,948</u>	<u>119,704,154</u>
LIABILITIES			
Non-current liabilities			
Deferred consideration	11	545,950	437,928
<i>Total non-current liabilities</i>		<u>545,950</u>	<u>437,928</u>
Total liabilities		<u>545,950</u>	<u>437,928</u>
NET ASSETS		<u>129,270,998</u>	<u>119,266,226</u>
EQUITY			
Share capital and share premium	14,16	23,607,456	65,388,730
Share options reserve	16	3,353,145	3,353,145
Other Reserves	16	36,814,967	50,579,611
Retained Earnings/ Accumulated losses	16	65,495,430	(55,260)
TOTAL EQUITY		<u>129,270,998</u>	<u>119,266,226</u>

With regards to the restatement, please refer to Note 2 Summary of Significant Accounting Policies - 2.9 investments Subsidiaries.

The accompanying notes form an integral part of these financial statements. The company has elected to take the s408 exemption and as a result it is exempt from the requirement to publish its individual profit and loss account and the related notes. The company recognised a profit for 2020 of £23,769,416.

The financial statements on pages 11 to 51 were approved and authorised for issue by the Board of Directors on 30 September 2021 and signed on its behalf by

Mr J. Nardone
30 September 2021

Company registration number: 08506959

FLASH TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Share capital and share premium £	Share option reserve £	Other reserves £	Retained earnings £	Total equity £
Balance at 1 January 2019		65,350,858	4,979,840	2,464,674	3,813,738	76,609,110
Profit for financial year		-	-	-	996,455	996,455
Other comprehensive expense		-	-	(749,949)	-	(749,949)
Total comprehensive income for the year		-	-	(749,949)	996,455	246,506
Share-based schemes charge	15	-	1,850,512	-	-	1,850,512
Balance at 31 December 2019		65,350,858	6,830,352	1,714,725	4,810,193	78,706,128
Adjustment in relation to 2019		37,600	-	-	(91,588)	(53,988)
Restated balance at 31 December 2019		65,388,458	6,830,352	1,714,725	4,718,605	78,652,140
Reduction in capital Own shares held		(41,781,002)	-	-	41,781,002	-
Cumulative translation adjustment		-	-	(23,766,657)	(10,088)	(23,766,657)
Total reduction of shares		(41,781,002)	-	(23,766,657)	41,770,914	(23,766,745)
Profit for financial year		-	-	-	4,887,993	4,887,993
Other comprehensive expense		-	-	(645,625)	-	(645,625)
Total comprehensive income for the year		-	-	(645,625)	4,887,993	4,242,368
Share-based schemes charge	16	-	596,888	-	-	596,888
Balance at 31 December 2020		23,607,456	7,427,240	(22,697,557)	51,377,512	59,714,651

The above 'adjustment in relation to 2019' is due to the ownership structure of Flashtalking PTE Limited being corrected in 2020, with the balance carried from 2019 as 'Other Receivables' released in recognition.

FLASH TOPCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

		Share capital and share premium	Share option reserve	Other Reserves	Retained earnings	Total equity
	Note	£	£	£	£	£
Balance at 1 January 2019		65,388,730	3,353,145	-	(17,162)	68,724,713
Fair Value adjustment at 1 January 2019 – Revaluation reserve		-	-	29,835,624	-	29,835,624
Restated balance at 1 January 2019		65,350,858	3,353,145	29,835,624	(17,162)	98,560,337
Loss for the year		-	-	-	(38,098)	(38,098)
Restated Balance at 31 December 2019		65,388,730	3,353,145	29,835,624	(55,260)	98,522,239
Fair value adjustment at 31 December 2019 – Other Comprehensive Income		-	-	20,743,987	-	20,743,987
Restated balance at 31 December 2019		65,388,730	3,353,145	50,579,611	(55,260)	119,266,226
Profit/(loss) for the year		-	-	-	23,769,416	23,769,416
Fair value gain on investments – Other Comprehensive Income		-	-	10,002,013	-	10,002,013
Total comprehensive income for the period		65,388,730	3,353,145	60,581,624	23,769,416	153,037,655
Reduction of share capital		(41,781,274)	-	-	41,781,274	-
Own shares held		-	-	(23,766,657)	-	(23,766,657)
Balance at 31 December 2020		23,607,456	3,353,145	36,814,967	65,495,430	129,270,998

FLASH TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Note	£	£
Cash flows from operating activities			
Cash generated from operations	20	15,755,169	11,150,182
Income taxes paid		(1,980,150)	(1,235,177)
Net cash inflow from operating activities		13,775,019	9,915,005
Cash flows from investing activities			
Payment for software development costs	4	(3,355,208)	(2,069,439)
Payments for property, plant and equipment	5	(556,312)	(965,765)
Interest received		1,104	1,525
Net cash outflow from investing activities		(3,910,416)	(3,033,679)
Cash flows from financing activities			
Proceeds from borrowings	10	24,868,888	10,807,190
Repayment of borrowings	10	(3,075,795)	(11,365,818)
Principal element of lease payments		(1,210,268)	(1,099,798)
Share buyback		(23,766,657)	-
Interest paid		(2,562,336)	(2,329,029)
Net cash (outflow)/inflow from financing activities		(5,746,168)	(3,987,455)
Net increase in cash and cash equivalents		4,118,435	2,893,871
Cash and cash equivalents at the beginning of the financial year		6,229,251	3,335,380
Cash and cash equivalents at end of financial year	9	10,347,686	6,229,251

COMPANY STATEMENT OF CASH FLOWS

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

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Flash Topco Limited is the parent company of Flash Bidco Limited and its subsidiaries which make up the Flashtalking group of companies.

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 26th April 2013 and domiciled in United Kingdom, with a registered address at Suite 1, 3rd Floor, 11-12 James's Square, London, SW1Y 4LB. These group and company financial statements were authorised for issue by the Board of Directors on 30 September 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied.

2.1. BASIS OF PREPARATION

The consolidated financial statements of the group and company have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements are presented in Pounds Sterling and have been prepared under the historical cost and fair value model in accordance with the Companies Act 2006.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates which have been laid out in note 3. Accounting policies have been applied consistently, other than where new policies have been adopted.

Going concern

The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume Flash Topco Limited and its subsidiaries will continue in business. The Group is in a positive net assets position, as well as having positive cash flow both at the balance sheet date and date of signing the financial statements. Management has prepared cash flow forecasts through to September 2022 that show the Group will continue to generate positive cash flow over this period. These forecasts have been stress tested to include a severe but plausible downside scenario, even under these conditions the Group remains able to fund ongoing trading liquidity requirements from within existing cash resources for a period of at least 12 months from the date of signing the financial statements. The directors therefore have no concerns with regards to the Group's ability to continue as a going concern.

As disclosed in note 28, the Group was acquired by Mediaocean LLC in August 2021. As a direct result of the acquisition, a material uncertainty is created which may cast significant doubt over the Group and Company's ability to continue as a going concern beyond the date of sale. The directors of the Company cannot fully assess whether the going concern basis of accounting will now remain appropriate for the Group and Company after the acquisition by Mediaocean LLC as not all future events or conditions can be predicted, and the acquirer's future plans are not yet known. The financial statements do not include adjustments that would result if the Group and Company were unable to continue as a going concern.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures

(a) New and amended standards and interpretations effective in the year for the group and company

The group has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The above new standards and amendments applicable for the year are not deemed to have a material impact on the financial statements of Flash Topco Limited.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) New and amended standards adopted by the group

The group has had a change in accounting policy during the year in accordance with IAS 8 and has changed from accounting for investments using the historic cost model to now using the fair value model. Please see note 2.16 and note 3 for further information on the change in accounting policy.

2.2. BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings made up to the relevant year end. The subsidiary undertakings' financial years' are coterminous with those of the Company.

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

2.3. REVENUE RECOGNITION

Revenue represents the amounts receivable for advertising services provided in the normal course of business, net of VAT and other sales related taxes. Revenue is either recognised on the delivery of website advertising impressions or over the period to which the advertising campaign relates.

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.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.5. INTANGIBLE ASSETS

(a) *Research and development expenditure*

Research expenditure is recognised as an expense as incurred. Directly attributable costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- i. it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- ii. management intends to complete the intangible asset and use or sell it;
- iii. there is an ability to use or sell the intangible asset;
- iv. it can be demonstrated how the intangible asset will generate probable future economic benefits;
- v. adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- vi. the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised include the product development employee costs and related management time. Research and development expenditure is amortised over the useful economic life of 3 years.

(b) *Computer software*

Acquired computer software products are capitalised along with the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of between 12 months and 3 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(c) *Goodwill*

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicated that it might be impaired and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating groups that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segment (see note 4).

2.6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset, on a straight-line basis over its expected useful life as follows, other than fixtures and fittings which are depreciated on a reducing balance basis:

- Leasehold property: over the term of the lease
- Computer Equipment: 2 years
- Fixtures and fittings: 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.7. TAXATION

The Company is managed and controlled in the United Kingdom and, consequently, is tax resident in the United Kingdom.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled.

Deferred income tax is recognised in other comprehensive income or directly in equity, if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income or directly in equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses and credits can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.8. 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 group 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.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivable.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.9. ACCRUED INCOME

Accrued income are amounts due from customers for services performed and which have not yet been invoiced under existing agreements.

Accrued income is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision for impairment is determined, when applicable, when there is objective evidence that the group will not be able to collect all amounts.

2.10. EMPLOYEE BENEFITS

(a) Pension obligations

The group operates defined contribution plans. A defined contribution is a pension plan under which the group pays fixed contributions into an independently administered pension fund.

The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(b) Share-based payment transactions

The group and company operate equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the estimated vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability).

Modifications of the performance conditions are accounted for as a modification under IFRS 2. In particular, where a modification increases the fair value of the equity instruments granted, the group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period.

(c) Accrued annual leave

The group has recognised a provision for accrued, unused annual leave. The provision is measured as the amount which would be paid if settled in full and is presented as Trade and other payables in the balance sheet.

2.11. FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Consolidated Financial Statements are presented in British Pound (GBP), which is the Company's functional and presentation currency.

(b) Transaction balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.11. FOREIGN CURRENCY TRANSLATION (*continued*)

(c) *Group companies*

The results and financial position of all the group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transaction; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net qualifying investment in foreign operations are taken to shareholders' equity.

The group and company has availed of the exemption in IFRS 1, whereby the cumulative translation differences for all foreign operations were deemed to be reset to zero at the date of transition to IFRS.

2.12. CAPITAL MANAGEMENT

Both the company and group's objectives, when managing capital, are to safeguard the 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 company and group can adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, both the company and 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 balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the company balance sheet and the consolidated balance sheet plus net debt.

During 2020, the group's strategy, which was unchanged from 2019, was to maintain the gearing ratio within 25% to 50%.

Group

	2020	2019
	£	£
Total borrowings	52,014,513	31,079,691
Less: cash and cash equivalents	(10,347,686)	(6,229,251)
Net debt	41,666,827	24,850,440
Total equity	59,714,651	78,706,128
Total capital	101,381,478	103,556,568
Gearing ratio	41.00%	24.00%

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.12. CAPITAL MANAGEMENT (*continued*)

	2020	2019
Company	£	£
Total borrowings	-	-
Less: cash and cash equivalents	-	-
Net debt	-	-
Total equity	129,270,998	119,266,226
Total capital	129,270,998	119,266,226
Gearing ratio	-	-

The increase in the gearing ratio is a function of the amendments to the group's borrowing facilities in February 2020. The movement in the group's borrowing facilities is due to both the movement in the underlying debt sitting within group entities and the corresponding currency which the debt is denominated in. The increase in the gearing is also attributable to a reorganisation of the equity of the company through share cancellations and share buybacks.

2.13. LEASES

From 2019, the group changed its accounting policy for leases where the group is lessee. Under IFRS 16, the recognition of leases changed, and the company adopted the new IFRS 16 rules in the opening balance sheet on 1 January 2019.

At inception of a contract, it is assessed whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group and entity will recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group and company recognises the lease payments as an operating expense on a straight line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the asset.

Please see note 6 for additional information on leases

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

2.15. 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.

2.16. INVESTMENT IN SUBSIDIARIES

Prior to 1 January 2020, investments in equity shares in subsidiaries included in the Company Balance Sheet were stated at cost less provision for impairment, with impairment losses recognised in the income statement as the amount by which the asset's carrying amount exceeds its recoverable amount.

From 1 January 2020, there was a change in the accounting policy for accounting for investments in Subsidiaries in accordance with IAS 39, under the fair value method of accounting. This change was applied retrospectively, such that the comparative figures at 1 January 2019 and 31 December 2019 were updated accordingly as if this policy had been in force at those dates.

The change in accounting policy is considered to provide the users of the financial statements with more relevant and reliable information, in accordance with IAS 8 by more accurately reflecting the value of the Company's investments. The change in policy is also deemed to provide the entity with greater flexibility with regards to managing capital, including debt and equity funding and shareholder returns. As Flash Topco Limited is a privately owned tech company, the investment values can fluctuate very rapidly when compared to publicly traded competitors and/or market activity. Thus, it is deemed that carrying these assets at fair value will provide a more accurate reflection of the investments' fair market value when compared to historic cost.

The fair value of investments were measured at the reclassification date of 31 December 2020 and this was applied retrospectively. The difference between the amortised cost and the fair value was measured at 1 January 2019, with the difference between them recognised in the revaluation reserve. This was also measured at 31 December 2019 and 31 December 2020 with the fair value movement at these dates recognised as other comprehensive income.

The fair value was measured and impacted the below financial statement line items as follows:

	INVESTMENTS IN SUBSIDIARIES £	OTHER RESERVES £
Investments – held at historic cost less impairment restated at 1 January 2019	66,199,376	-
Fair value adjustment recognised at 1 January 2019 – To revaluation reserve	29,835,624	29,835,624
Restated balance as at 1 January 2019	<u>96,035,000</u>	<u>29,835,624</u>
Fair value adjustment recognised at 31 December 2019 – To Other Comprehensive Income	20,743,987	20,743,987
Restated balance at 31 December 2019	<u>116,778,987</u>	<u>50,579,611</u>
Fair value gain at 31 December 2020 – To Other Comprehensive Income	10,002,013	10,002,013
Balance as at 31 December 2020	<u>126,781,000</u>	<u>60,581,624</u>

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.17. TRADE PAYABLES

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

2.18. FINANCE INCOME AND EXPENSES

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

2.19. EXCEPTIONAL ITEMS

Exceptional items are material non-recurring items that derive from events or transactions that fall within the ordinary activities of the group and company and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence. Such items may include acquisition related costs, litigation costs and settlement or one-off costs where separate identification is important to gain an understanding of the financial statements. Judgement is used by the group in assessing the particular items which should be disclosed in the income statement and related notes as exceptional items.

2.20. PROVISIONS

Provisions for legal claims are recognised when the group and company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.21. 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 group or company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22. BUSINESS COMBINATIONS

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- i. Fair values of the assets transferred
- ii. Liabilities incurred to the former owners of the acquired business
- iii. Equity interests issued by the group
- iv. Fair value of any asset or liability resulting from a contingent consideration arrangement, and
- v. Fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.22. BUSINESS COMBINATIONS (*continued*)

The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous entity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the income statement.

2.23. PARTICULARS OF EMPLOYEES

During the year, the Company had no employees (2019: none).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group and company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a higher degree of judgement or complexity within the next financial year are discussed below.

(a) *Capitalisation of development costs*

Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. Judgement is necessary to determine commercial and technical feasibility. These calculations also require the use of estimates, primarily around the level of directly attributable management and supervisory time, bug fixing (i.e. rebasing and republishing) and an appropriate portion of relevant overheads. Capitalisation ceases and amortisation commences once a product or enhancement is available for deployment.

(b) *Establishing lives for amortisation purposes of intangible assets*

The group and company has significant levels of intangible assets. The amortisation charge is dependent on the estimated lives allocated to each type of intangible asset. The directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives and the expected pattern of consumption of the future economic benefits embodied in the asset. Changes in asset lives can have a significant impact on amortisation charges for the year.

Detail of the useful lives is included in note 2 and the related intangible assets are set out in note 4. Useful lives are based on management's estimate of the period over which the asset will generate revenue.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (*CONTINUED*)

(c) Share based payments and other equity-based instruments

The group and company has used the Black Scholes valuation model to determine the fair value of share-based payments and convertible debt warrants. Any changes to volatility and assumptions made by management will impact the valuation. Please see note 16 for additional information.

(d) Impairment of goodwill

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Allocation of the purchase price affects the results of the group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

The group tests whether goodwill has suffered any impairment on an annual basis. For the 2020 reporting year, the recoverable amount of the cash generating unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period were extrapolated using an estimated perpetuity growth rate of 3%. Forecasted cash flows were discounted using a weighted average cost of capital of 14% (pre-tax). These growth and discount rates were determined using benchmark industry data.

(e) Fair value of investments

The change in accounting policy during the year from historic cost to fair value involved the use of estimates and judgements when arriving at the fair value for the investments held.

In assessing the fair market value, both the market approach and income approach have been adopted with a 50% weighting applied to each. The income approach is based on a discounted cash flow methodology, the key inputs which you'll find outlined below. In terms of the market approach, guideline public company method has been adopted. A 2.75x multiple was applied to LTM revenue with a 2.5x multiple applied to NTM revenue. A weighting of 50% was then applied to both LTM and NTM to arrive at a weighted business enterprise value. For 31 December 2019 a 2.5x multiple was applied to LTM revenue with a 2.35x multiple applied to NTM revenue. For 1 January 2019 a 2.35x multiple was applied to NTM.

The expected cash flows were calculated using a terminal growth rate of 3% and a short-term growth rate of 10%. These were then discounted to present value using a weighted average cost of capital at each date that the fair value review took place. Please see note 7 for further information on the estimates and assumptions used.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. INTANGIBLE ASSETS

Group	Goodwill	Internally generated software	Acquired software	Customer Relationships	Acquired Technology	Non-Compete Agreements	Acquired Trade Names	Total
	£	£	£	£	£	£	£	£
At 1 January 2019								
Cost	83,788,166	6,068,498	2,385,123	1,468,395	1,067,924	581,076	109,933	95,469,115
Accumulated amortisation and impairment	-	(3,093,086)	(1,803,871)	(168,254)	(280,723)	(266,326)	(33,591)	(5,645,851)
Closing Net Book Amount	83,788,166	2,975,412	581,252	1,300,141	787,201	314,750	76,342	89,823,264
Year ended 31 December 2019								
Opening net book amount	83,788,166	2,975,412	581,252	1,300,141	787,201	314,750	76,342	89,823,264
Exchange differences	(265,287)	-	(4,458)	(36,334)	(11,787)	(1,393)	(1,355)	(320,614)
Additions	-	1,613,350	456,090	-	-	-	-	2,069,440
Amortisation charge	-	(1,725,495)	(328,287)	(182,164)	(427,792)	(288,346)	(36,368)	(2,988,452)
Closing Net Book Amount	83,522,879	2,863,267	704,597	1,081,643	347,622	25,011	38,619	88,583,638
At 1 January 2020								
Cost	83,522,879	7,681,848	2,841,213	1,468,395	1,067,924	581,076	109,933	97,273,268
Accumulated amortisation and impairment	-	(4,818,581)	(2,136,616)	(386,752)	(720,302)	(556,065)	(71,314)	(8,689,630)
Closing Net Book Amount	83,522,879	2,863,267	704,597	1,081,643	347,622	25,011	38,619	88,583,638
Year ended 31 December 2020								
Opening net book amount	83,522,879	2,863,267	704,597	1,081,643	347,622	25,011	38,619	88,583,638
Exchange differences	(275,708)	-	(369)	(28,938)	6,353	145	718	(297,799)
Additions	-	3,355,208	-	-	-	-	-	3,355,208
Amortisation charge	-	(2,187,695)	(398,885)	(182,775)	(330,181)	(25,156)	(36,490)	(3,161,182)
Closing Net Book Amount	83,247,171	4,030,780	305,343	869,930	23,794	-	2,847	88,479,865
At 31 December 2020								
Cost	83,247,171	11,037,056	2,841,213	1,468,395	1,067,924	581,076	109,933	100,352,768
Accumulated amortisation and impairment	-	(7,006,276)	(2,535,870)	(598,465)	(1,044,130)	(581,076)	(107,086)	(11,872,903)
Net Book Amount	83,247,171	4,030,780	305,343	869,930	23,794	-	2,847	88,479,865

Amortisation of £3,161,182 (2019: £2,988,452) is included in administrative expenses in the income statement.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. INTANGIBLE ASSETS (*CONTINUED*)

GROUP

(i) *Goodwill breakdown by entity:*

2020	Topco £	FTI £	Gmbh £	Total £
At 1 January 2020	75,635,364	7,743,319	144,196	83,522,879
Foreign exchange movements	-	(283,625)	7,917	(275,708)
At 31 December 2020	75,635,364	7,459,694	152,113	83,247,171

2019	Topco £	FTI £	GMBh £	Total £
At 1 January 2019	75,635,364	8,000,890	151,912	83,788,166
Foreign exchange movements	-	(257,571)	(7,716)	(265,287)
At 31 December 2019	75,635,364	7,743,319	144,196	83,522,879

(ii) *Impairment test for goodwill*

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Management has used the following key assumptions when carrying out its Impairment test on Goodwill:

Terminal Growth Rate at 3%
Short term Growth Rate at 10%
Discount rate at 14% (pre-tax)

Upon management stress testing the key assumptions, the short-term growth rates would need to fall by more than 4%, both the cost of debt and the cost of equity to increase by more than 1.5% and revenue to fall by more than 4% for management to consider the impairment of goodwill. The directors and management have considered and assessed reasonable possible changes for key assumptions and have not identified any instances that could cause the carrying amount to exceed the recoverable amount.

(iii) *Impairment of internally generated software*

The weighted average remaining amortisation period of the product development is 33 months (2019: 33 months). In the year, research and development expenditure of £3,355,208 (2019: £1,613,350) was recognised as an expense in the income statement.

As at 31 December 2020, there were product development assets of £Nil (2019: £Nil) which are currently under development and are not yet ready for use. The amortisation of these assets had not started as at 31 December 2020.

Management has identified one CGU. The group represents the lowest level at which the related assets are monitored for internal management purposes.

Given there were product development costs for which amortisation had not yet started at 31 December 2020, an impairment test was carried out at 31 December 2020 and at 31 December 2019 by comparing the asset's recoverable amount (based on the higher of its value in use and fair value less costs to sell) with its carrying amount. The recoverable amount was calculated on the basis of value in use, using the discounted cash flow (DCF) method.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. INTANGIBLE ASSETS (CONTINUED)

(iii) Impairment of internally generated software (continued)

These calculations use pre-tax cash projections based on the Board management forecasts for 2021 to 2025. Projected revenue growth in this five-year period is delivered by projected growth in online penetration in both current and new markets.

The key assumptions used for 'value-in use' calculations were EBITDA margin of 22% (2019: 21%), average growth rate of 10% (2019: 10%) and a discount rate of 13% (2019: 13.32%). Management determined the budgeted average revenue growth rate for the future period and the cash gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

A reasonable possible change in assumptions would not cause an impairment.

(iv) Acquired software

The weighted average remaining amortisation period of acquired software is 24 months (2019: 10 months).

During 2020, the group made software purchases of £Nil (2019: £nil).

Acquired software products have an estimated useful life of between 12 months and three years.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
At 1 January 2019				
Cost	346,120	239,986	2,717,032	3,303,138
Accumulated depreciation	(303,470)	(172,417)	(2,153,072)	(2,628,959)
Closing Net Book Amount	42,650	67,569	563,960	674,179
Year ended 31 December 2019				
Opening net book amount	42,650	67,569	563,960	674,179
Exchange differences	(508)	(1,266)	5,306	3,532
Additions	6,888	14,939	943,937	965,764
Depreciation charge	(26,970)	(16,522)	(573,692)	(617,184)
Closing Net Book Amount	22,060	64,720	939,511	1,026,291
At 1 January 2020				
Cost	353,009	254,925	3,660,969	4,268,903
Accumulated depreciation	(330,949)	(190,205)	(2,721,458)	(3,242,612)
Closing Net Book Amount	22,060	64,720	939,511	1,026,291
Year ended 31 December 2020				
Opening net book amount	22,060	64,720	939,511	1,026,291
Exchange differences	120	(365)	2,660	2,415
Additions	-	1,056	555,256	556,312
Depreciation charge	(12,301)	(33,269)	(716,028)	(761,598)
Closing Net Book Amount	9,879	32,142	781,399	823,420
At 31 December 2020				
Cost	353,009	255,981	4,216,225	4,825,215
Accumulated depreciation	(343,130)	(223,839)	(3,434,826)	(4,001,795)
Net Book Amount	9,879	32,142	781,399	823,420

Depreciation of £2,095,950 (2019: £1,866,879) has been charged in administrative expenses in the income statement. This includes the depreciation of Right-of-use assets (Note 6) for an amount of for £1,334,352.

FLASH TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. LEASES

(i) Amounts recognised in the balance sheet (group)

The balance sheet shows the following amounts relating to leases:

Group	Buildings	Vehicles	Equipment	Total
	£	£	£	£
Right-of-use assets				
Year ended 31 December 2019				
Opening net book amount	3,368,967	-	-	3,368,967
Exchange difference	(35,746)	-	-	(35,746)
Additions	1,349,934	23,578	7,970	1,381,482
Disposals	(29,687)	-	-	(29,687)
Depreciation charge	(1,235,360)	(13,835)	(498)	(1,249,693)
Closing net book amount	3,418,108	9,743	7,472	3,435,323

Year ended 31 December 2020				
Opening net book amount	3,418,108	9,743	7,472	3,435,323
Exchange differences	2,254	536	(274)	2,516
Additions	-	38,739	-	38,739
Depreciation charge	(1,316,793)	(14,654)	(2,905)	(1,334,352)
Rent review and prepayment	12,694	-	93	12,787
Closing net book amount	2,116,263	34,364	4,386	2,155,013

Lease Liabilities

Year ended 31 December 2019	Buildings	Vehicles	Equipment	Total
	£	£	£	£
Opening net book amount	3,282,681	-	-	3,282,681
Exchange differences	(60,372)	-	-	(60,372)
Additions	1,349,934	23,578	7,970	1,381,482
Disposals	(29,957)	-	-	(29,957)
Payments	(1,215,528)	(14,415)	(1,389)	(1,231,332)
Interest expense	130,687	801	45	131,533
Modifications	(97,461)	-	-	(97,461)
Closing net book amount	3,359,984	9,964	6,626	3,376,574

Year ended 31 December 2020				
Opening net book amount	3,359,984	9,964	6,626	3,376,574
Exchange differences	(59,843)	547	(243)	(59,539)
Additions	-	38,739	-	38,739
Payment	(1,325,593)	(15,392)	(2,700)	(1,343,685)
Interest expense	132,476	746	194	133,416
Rent review and prepayments	17,874	-	93	17,967
Closing net book amount	2,124,898	34,604	3,970	2,163,472

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. LEASES (CONTINUED)	31 December 2020 £	31 December 2019 £
Non-current liabilities		
Lease liability	1,204,825	2,221,561
Current liabilities		
Lease liability	958,647	1,155,013
	2,163,472	3,376,574

(ii) Ageing analysis of lease commitments (group)

Group	2020		2019	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Commitments for minimum lease payments in relation to non-cancellable leases are payable as follows:				
Within one year	941,364	17,283	1,145,049	9,964
Later than one year but not later than five years	1,183,533	21,292	2,214,935	6,626
	2,124,897	38,575	3,359,984	16,590

(iii) Amounts recognised in the Income Statement

The Income Statement shows the following amounts relating to leases:

	2020 £	2019 £
Depreciation charge on right-of-use assets:		
Buildings	1,316,793	1,235,360
Vehicles	14,654	13,835
Equipment	2,905	498
Total depreciation charge	1,334,352	1,249,693

Interest expense (included in finance costs) £133,416

Total cash flows for leases for the group was £1,343,685 (2019: £1,231,332).

(iv) The groups leasing activities and how these are accounted for

The group leases various offices, vehicles and equipment. Rental contracts are typically made for fixed periods of 12 months to 5 years but may have extension options as described in (v) below.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. LEASES (CONTINUED)

Lease payments to be made under reasonably certain extension options are also not included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value of the right-of-use asset in a similar economic environment with similar terms, security and conditions. The discount rate applied to the leases varied between 3.88% and 4.95%

To determine the incremental borrowing rate, the group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held, and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term and low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(v) Extension and termination options

Extension and termination options are included in a number of property leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. INVESTMENT IN SUBSIDIARIES

Company	Group companies £
Investments held at historic cost - at 1 January 2019	66,199,376
Gain recognised in Revaluation Reserve	29,835,624
Restated balance at 1 January 2019	<u>96,035,000</u>
Gain recognised in other comprehensive Income	20,743,987
Restated balance at 31 December 2019	<u>116,778,987</u>
Gain recognised in other comprehensive income	10,002,013
Closing balance at 31 December 2020	<u>126,781,000</u>

Flash Topco Limited owns 100% of the issued share capital of Flash Bidco Limited, an intermediate holding company, which owns 100% of the issued share capital of the group headed by Simplicity Marketing Limited. Goodwill arising on the acquisition of the group headed by Flash Bidco Limited has been capitalised and is tested annually for impairment.

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 2020:

Company name	Ordinary Shares	Nature of Activity	Registered Office
Flashalking 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 Flashalking Inc.)	Internet advertising	142 W. 36th Street, 10th Floor, New York, NY 10018, USA
Flashalking GmbH	100% (subsidiary of Simplicity Marketing Limited)	Internet advertising	Schanzenstraße 35, 51063 Cologne, Germany
Flashalking Pty Ltd	100% (subsidiary of Simplicity Marketing Limited)	Internet advertising	Studio 6, 8 Hercules Street, Surry Hills, Sydney NSW 2010, Australia
Flashalking Brasil Marketing Ltda	100% (subsidiary of Simplicity Marketing Limited)	Internet advertising	448, Conj 82 B Portaria 454, Rua Rego Freitas, Republica, Sao Paulo, 01220-010, Brazil
Flashalking Pte	100% (subsidiary of Simplicity Marketing Limited)	Internet advertising	135 Cecil Street, #10-01, Singapore, 069536
Simplicity Marketing Limited	100% (subsidiary of Flash Bidco Limited)	Internet advertising	Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB
Flash Bidco Limited	100%	Holding company	Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB

Fair value measurement

From 1 January 2020, the group and company commenced accounting for investments in accordance with IAS 39 and IFRS 13 under the Fair Value method of accounting. In order to determine the fair value of Topco's investments, a 409A valuation took place.

The change in policy from the cost model to the fair value model is considered to provide more relevant and reliable information for 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.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Please see note 2.16 for further information on the change in accounting policy.

The fair value of investments were measured at the reclassification date of 31 December 2020 and were applied retrospectively. The difference between the amortised cost and the fair value was measured at 1 January 2019, with the difference between them recognised in the revaluation reserve. This was also measured at 31 December 2019 and 31 December 2020 with the balance at these dates recognised as other comprehensive income.

In order to provide an indication about the reliability of the inputs used in determining the fair value, the group has classified investments as Level 3 due to the inclusion of unobservable inputs, as prescribed by IFRS 13. A level 3 classification is determined where one or more of the significant inputs is not based on observable market data, such as the case for unlisted equity securities. The group has used an income approach as the valuation technique to determine the fair value of the investment, with the use of a discounted cash flow analysis.

(i) *Fair value measurements using significant unobservable inputs (level 3)*

The investments in subsidiaries table above represents the level 3 items for the years ended 31st December 2020 and 31st December 2019.

(ii) *Valuation inputs and relationships to fair value*

In assessing the fair market value, both the market approach and income approach have been adopted with a 50% weighting applied to each. The income approach is based on a discounted cash flow methodology, the key inputs which you'll find outlined below. In terms of the market approach, guideline public company method has been adopted. A 2.75x multiple was applied to LTM revenue with a 2.5x multiple applied to NTM revenue. A weighting of 50% was then applied to both LTM and NTM to arrive at a weighted business enterprise value. For 31 December 2019 a 2.5x multiple was applied to LTM revenue with a 2.35x multiple applied to NTM revenue. For 1 January 2019 a 2.35x multiple was applied to NTM.

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements.

	Fair value at:			Unobservable inputs	Range of inputs		
	31st December 2020 £	31st December 2019 £	1 January 2019 £		2020	2019	2018
Investments	126,781,000	116,778,987	96,035,000	Short-term growth rate	10.00%	10.00%	10.00%
				Terminal growth rate	3.00%	3.00%	3.00%
				Weighted Average cost of capital	12.00%	13.15%	13.65%

Changes in the fair value of investments will be analysed and re-measured on a recurring basis at the end of each reporting period, with movements in the fair value impacting Other Comprehensive Income.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. TRADE AND OTHER RECEIVABLES

Group	2020	2019
	£	£
Trade receivables	20,118,081	18,258,762
Less: provision for impairment	(424,070)	(360,319)
Trade receivables - net	19,694,011	17,898,443
Amounts owed by shareholders	2,152,563	2,152,563
Prepayments	371,767	756,469
Accrued income	143,829	188,240
VAT receivable	225,356	185,718
Other receivables	4,591	121,156
	22,592,117	21,302,589
Company	2020	2019
	£	£
Amounts owed by shareholders	2,152,563	2,152,563
Amounts owed by Group undertakings	883,385	772,604
Other receivables	-	-
	3,035,948	2,925,167

The fair value of trade receivables approximates to the values shown above. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold collateral as security. Amounts owed by group undertakings are unsecured, interest free and repayable upon demand.

Trade receivables includes £411,237 (2019: £452,737) falling due after more than six months. The group has made a provision for receivables of £424,070 (2019 £360,319) due from customers, the collectability of which is in doubt.

Other receivables comprise costs paid on behalf of Flashtalking Singapore, security deposits and deferred expenses.

9. CASH AND CASH EQUIVALENTS

Group	2020	2019
	£	£
Cash at bank and in hand	10,347,686	6,229,251
	10,347,686	6,229,251

The group's currency exposure is set out below. Such exposure comprises the cash and cash equivalents of the group that are denominated other than in GBP. As at 31 December 2020 and 2019 these exposures were as follows:

Non-GBP denominated monetary assets	2020	2019
	£	£
US dollar	7,696,128	4,356,982
Euro	1,748,745	817,024
Australian dollar	503,843	473,181
Brazilian Real	102	-
Singapore Dollar	2,980	-
Total non-GBP	9,951,798	5,647,187

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. BORROWINGS

Group	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
	£	£	£	£	£	£
Term loan facility	428,731	32,004,317	32,433,048	334,382	15,731,152	16,065,534
Asset backed loan facility	-	11,315,495	11,315,495	-	7,701,713	7,701,713
Prepaid loan fees	-	(352,316)	(352,316)	-	(212,647)	(212,647)
Subordinated loan notes	-	8,618,286	8,618,286	-	7,525,091	7,525,091
Total borrowings	428,731	51,585,782	52,014,513	334,382	30,745,309	31,079,691

At 31 December 2019	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	£	£	£	£	£
Term loan facility	334,382	-	15,731,152	-	16,065,534
Asset backed loan facility	-	-	7,701,713	-	7,701,713
Prepaid loan fees	-	(212,647)	-	-	(212,647)
Subordinated loan notes	-	-	-	7,525,091	7,525,091
Total borrowings	334,382	(212,647)	23,432,865	7,525,091	31,079,691

At 31 December 2020	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	£	£	£	£	£
Term loan facility	428,731	-	32,004,317	-	32,433,048
Asset backed loan facility	-	-	11,315,495	-	11,315,495
Prepaid loan fees	-	(352,316)	-	-	(352,316)
Subordinated loan notes	-	-	-	8,618,286	8,618,286
Total borrowings	428,731	(352,316)	43,319,812	8,618,286	52,014,513

A revolving facility loan was entered into with Silicon Valley Bank by Simplicity Marketing Limited in October 2014 for £5,000,000. An amended agreement was entered into in July 2015, when Simplicity Marketing Limited borrowed an additional £4,000,000. A second amendment was entered into in March 2016 when the Company borrowed an additional £1,500,000. A third amendment was entered into in May 2017 providing a facility of up to £14,000,000 constituting a term loan facility of £7,000,000 and a multicurrency asset backed loan (ABL) facility up to a maximum of £7,000,000. A fourth amendment was entered into in February 2018 increasing the ABL facility from £7,000,000 to £11,000,000.

Borrowing facilities were restructured in September 2019 with a fifth amendment agreed with Silicon Valley Bank, providing a facility of up to \$24,500,000, constituting a term loan facility of \$11,000,000 and a multicurrency asset backed loan (ABL) facility up to a maximum of \$13,500,000. In addition, West River group provided a mezzanine facility of \$10,250,000. Funds raised were used to pay down the subordinated loan note facility.

In February 2020, there was a further amendment to the agreement with Silicon Valley Bank. There was an increase in the term loan facility of \$3,750,000 and an increase in the asset based loan facility of \$4,390,000 in order to facilitate the buyback of shares in the year.

At 31 December 2020, the group had advanced £11,315,495 in British Pounds, under the ABL facility. The loan is secured by guarantee from Flashtalking Inc. The loan is repayable on 4 September 2023.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. BORROWINGS (CONTINUED)

The Silicon Valley Bank term loan outstanding as at 31 December 2020 is £9,857,597 with repayments of \$110,000 quarterly. The remainder of the term loan is repayable on 4 September 2023.

West River group mezzanine loan outstanding as at 31 December 2020 is £22,146,721. There was a further increase in the mezzanine loan facility in February 2020 of \$20,000,000 to finance the repurchase of shares in the year. There was also an extension to the repayment date of one year, meaning the term loan is now repayable on March 2024.

Interest accrues on the term loan facility at a rate of 3.00% above LIBOR and is payable in arrears. Interest accrues on Euros at ECB Base Rate plus 3.75% p.a. when in Streamline Period, otherwise ECB Base Rate plus 4.75% p.a., GBP at Bank of England Base Rate plus 3.00% p.a. when in Streamline Period, otherwise Bank of England Base Rate plus 4.00% p.a. and USD at Wall Street Prime Rate less 1.25% p.a. when in Streamline Period, otherwise Wall Street Prime Rate less 0.75% p.a.

The minimum rate per annum that will apply to any ABL advance will be 3.00% p.a. An unused fee of 0.35% applies to the unused portion of the ABL facility, payable monthly in arrears.

The amount unused at 31 December 2020 was \$2,544,270. Interest accrues on the mezzanine loan facility at a rate of 8.00% above LIBOR and is payable in arrears.

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

11. DEFERRED CONSIDERATION

Group	2020			2019		
	Current £	Non-current £	Total £	Current £	Non-current £	Total £
Deferred consideration	-	1,622,613	1,622,613	-	1,387,909	1,387,909
Total deferred consideration	-	1,622,613	1,622,613	-	1,387,909	1,387,909

Company	2020			2019		
	Current £	Non-current £	Total £	Current £	Non-current £	Total £
Deferred consideration	-	545,950	545,950	-	437,928	437,928
Total deferred consideration	-	545,950	545,950	-	437,928	437,928

The deferred consideration in relation to the acquisition of Encore Media Metrics LLC is held in Simplicity Marketing Limited's accounts. The deferred consideration in relation to the acquisition of Spongecell Inc., is held in Flash Topco Limited. Both entities are consolidated into these accounts.

In November 2015, Simplicity Marketing Limited purchased the assets of Encore Media Metrics LLC, a US based company. The aggregate consideration for the purchase comprised of \$350,000 in cash at the time of purchase, a deferred payment and a contingent performance payment of \$100,000. The deferred payment becomes due in the event of a sale of the Company and consists of \$500,000 cash (£328,693 at purchase date and revalued to £367,140 at 31 December 2020) plus the equivalent of the fair market value of 460,000 B Ordinary Shares of the Company on the date of sale which has been reduced by 80,000 shares in 2018 due to the performance obligation not being met during the year. At 31 December 2020, the fair market value of the Company's shares was £1.87 (2019: £1.50).

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. DEFERRED CONSIDERATION (CONTINUED)

In addition, the amount above includes deferred consideration payment as a result of the acquisition of Spongecell Inc. at the end of January 2018. The deferred consideration payment becomes due in the event of a sale of the Company and consists the equivalent of the fair market value of 291,952 B1 Ordinary Shares of the Company on the date of sale. At the date of the acquisition the fair market value of the Company's shares was £1.20.

12. TRADE AND OTHER PAYABLES

Group	2020	2019
	£	£
Trade payables	1,746,366	1,835,730
Accruals	6,678,947	6,038,661
Social security and other taxes	1,103,914	429,633
	<u>9,529,227</u>	<u>8,304,024</u>

The fair values of trade and other payables approximate to the values shown above. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13. INCOME TAX EXPENSE

(i) INCOME TAX

	2020	2019
	£	£
Current tax		
Corporation tax for the year	1,030,573	632,687
Adjustments in respect of current and prior periods	(130,034)	96,760
Foreign tax for the year	1,768,249	585,996
Total current tax	<u>2,668,788</u>	<u>1,315,443</u>
Deferred tax		
Recognition of deferred tax liabilities and utilisation of deferred tax asset	508,256	83,641
Adjustments in respect of prior periods	32,190	412,479
Income tax charge	<u>3,209,234</u>	<u>1,811,563</u>

Factors affecting current tax charge	2020	2019
	£	£
Profit before income tax	8,097,227	2,808,018
Profit before income tax at the standard rate of tax in the United Kingdom of 19.00% (2019: 19.00%)	1,538,473	533,523
Utilisation/(recognition) of deferred tax liability	198,132	(146,119)
Utilisation of deferred tax asset recognised at acquisition	310,125	229,759
Expenses not deductible	170,462	747,573
Difference tax rates on overseas earnings	1,089,887	(62,413)
Group relief adjustment	-	-
Adjustments in respect of current and prior periods	(97,845)	509,240
Total tax charge	<u>3,209,234</u>	<u>1,811,563</u>

The tax assessed on the profit before income tax for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. INCOME TAX EXPENSE (CONTINUED)

The group earns its profits primarily in the UK. Therefore, the tax rate used for tax on profit before income tax is the standard rate for UK corporation tax, currently 19%.

The group's overseas tax rates are higher than those in the UK, primarily because the profits earned in the United States of America are taxed at a federal rate of 21% and additional state taxes are payable.

(II) DEFERRED TAX LIABILITIES

The movement in the deferred taxation provision during the year was:

Group	2020	2019
	£	£
Provision brought forward	1,003,080	777,889
Increase/(Decrease) in provision due to excess of taxation allowances over depreciation on fixed assets	280,159	(51,991)
Increase in provision due to excess of taxation allowances over amortisation on acquired intangible assets at acquisition	-	-
Decrease in provision due to amortisation of acquired intangible assets in the period	(144,039)	(240,024)
Adjustments in respect of prior periods	-	538,350
Net exchange differences	(13,987)	(21,144)
Provision carried forward	1,125,213	1,003,080

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2020		2019	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	887,622	-	607,463	-
Excess of taxation allowances over amortisation on acquired intangible assets	237,591	-	395,617	-
	1,125,213	-	1,003,080	-

The group expects to settle £52,410 in no more than twelve months after the reporting period, and £1,072,803 in more than twelve months after the reporting period.

(III) DEFERRED TAX ASSETS

Group	2020	2019
	£	£
Prior year capital losses carried forward as a result of acquisitions	2,718,058	3,066,564
Capital tax losses utilised during the period	(454,163)	(469,783)
Decrease in provision due to timing differences	82,027	94,128
Adjustments in respect of prior periods	(32,190)	125,870
Net exchange differences	(89,913)	(98,721)
Total deferred tax assets	2,223,819	2,718,058

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. INCOME TAX EXPENSE (CONTINUED)

(III) DEFERRED TAX ASSETS (Continued)

The group expects to settle £452,576 in no more than twelve months after the reporting period, and £1,771,243 in more than twelve months after the reporting period.

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2020		2019	
	Provided £	Unprovided £	Provided £	Unprovided £
Tax losses	2,173,982	-	2,498,060	-
Movement in provision due to timing differences	82,027	-	94,128	-
Adjustments in respect of prior periods	(32,190)	-	125,870	-
	2,223,819	-	2,718,058	-

14. SHARE CAPITAL AND SHARE PREMIUM

Group Allotted, called up and fully paid:

	2019	
	Number	£
Ordinary A shares of £1.00 each	32,500,000	32,500,000
Ordinary B1 shares of £1.00 each	29,768,076	29,768,076
Ordinary B2 shares of £0.10 each	1,950,000	195,000
Additional paid in capital	-	2,887,782
Total at 31st December 2019	64,218,076	65,350,858
Adjustment in relation to 2019 – Additional paid in capital	-	37,600
Restated balance at 31st December 2019	64,218,076	65,388,458

	2020	
	Number	£
Buyback of shares		
Share buyback – A shares	362,509	362,509
Share buyback – B1 shares	15,481,929	15,481,929
Capital reduction		
Reduction of A shares – £1 to £0.10	32,137,491	3,213,749
Reduction of B1 shares – £1 to £0.10	14,286,147	1,428,615
Reduction of B2 shares at £0.10	1,950,000	195,000
Shares at 31 December 2020		
Ordinary A shares @ £1	362,509	362,509
Ordinary A shares @ £0.10	32,137,491	3,213,749
Ordinary B1 shares @ £1	15,481,929	15,481,929
Ordinary B1 shares @ £0.10	14,286,147	1,428,615
Ordinary B2 shares @ £0.10	1,950,000	195,000
Additional Paid in	-	2,925,654
Total at 31st December 2020	64,218,076	23,607,456

Company

Allotted, called up and fully paid:

	2019	
	Number	£
Ordinary A shares of £1.00 each	32,500,000	32,500,000
Ordinary B1 shares of £1.00 each	29,768,076	29,768,076
Ordinary B2 shares of £0.10 each	1,950,000	195,000
Additional paid in capital	-	2,887,782
Prior year adjustment in relation to Spongecell Inc.	-	37,872
Total at 31st December 2019	64,218,076	65,388,730

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

Company (continued)

	2020	
	Number	£
Buyback of shares		
Share buyback – A shares	362,509	362,509
Share buyback – B1 shares	15,481,929	15,481,929
Capital reduction		
Reduction of A shares - £1 to £0.10	32,137,491	3,213,749
Reduction of B1 shares - £1 to £0.10	14,286,147	1,428,614
Reduction of B2 shares at £0.10	1,950,000	195,000
Shares at 31 December 2020		
Ordinary A shares @ £1	362,509	362,509
Ordinary A shares @ £0.10	32,137,491	3,213,749
Ordinary B1 shares @ £1	15,481,929	15,481,929
Ordinary B1 shares @ £0.10	14,286,147	1,428,615
Ordinary B2 shares @ £0.10	1,950,000	195,000
Additional Paid in	-	2,925,654
Total at 31st December 2020	64,218,076	23,607,456

Prior year adjustment

As per the 2019 accounts, the prior year adjustment is in relation to the acquisition of Spongecell Inc. in 2018, whereby share premium was adjusted in 2018 and cancelled due to obligations not being met; however, the share premium was cancelled in error. Please see note 7 for further information on this adjustment.

In February and March 2020, the company completed share buy backs pertaining to certain share capital. In order to affect the buy back, a number of steps took place namely (1) Simplicity Marketing Limited, Flash Bidco Limited and Flash Topco Limited undertook share capital reductions (2) Simplicity Marketing Limited issued a dividend to Flash Bidco Limited, with Flash Bidco Limited then issuing a dividend to Flash Topco Limited (3) Flash Topco Limited then undertook the buy backs of share capital in February and March.

Owing to a failure by a third party to make certain Companies House filings in connection with steps related to the buy-back transactions, Flash Topco Limited had insufficient distributable reserves at the point at which the buy-back transactions were undertaken and they were, therefore, ineffective. Dividends declared were conditional upon the aforementioned filings having taken effect. As a result of foreign exchange driven losses having been incurred by Simplicity Marketing Limited between the date of the dividend being declared and the filing date, part of the distribution paid by Simplicity Marketing Limited to Flash Bidco Limited was deemed unlawful.

As is conventional in this type of situation, Flash Topco Limited applied to the Court for an order sanctioning a reduction of capital cancelling the A Ordinary Shares and B1 Ordinary Shares which were the subject of the buy-back transactions on the basis that any liability which might have existed on the part of sellers to repay the sums received by them in connection with the buy-back transactions be released. The Court Order was granted on 9 March 2021 and registered at Companies House on 17 March 2021, at which point the buy-back transactions were formally cancelled resulting in £362,509 of A Ordinary shares and £15,481,929 of B1 Ordinary shares being cancelled in March 2021. In addition capital reductions totalling £28,923,741.90 of A Ordinary shares and £12,857,532.30 of B1 Ordinary shares were completed in 2020 in connection with the buy backs and as outlined above.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. SHARE-BASED PAYMENTS

Group and Company Share Option and Grant Plans

Under the 2013, 2015, 2016 and 2017 Share Option and Grant schemes, the group has issued options over ordinary shares to certain employees of the group. The vesting of all options is subject to continued employment.

A reconciliation of option movements over the year to December is shown below.

	2020		2019	
	Number	WAEP £	Number	WAEP £
Outstanding at the beginning of the year	9,697,067	0.94	6,802,781	0.80
Granted during the year	130,000	1.88	3,009,286	1.25
Forfeited during the year	(115,000)	1.07	(115,000)	0.98
Outstanding at the end of the year	9,712,067	0.94	9,697,067	0.94

In the year ended 31 December 2020, no options were exercised (2019: None).

Share options under the 2013 Share Option Grant Plan outstanding at the end of the year had an exercise price of £1.00. Share options under the 2015 Share Option Grant Plan outstanding at the end of the year had an exercise price of £0.75. Share options granted to employees in November 2015 outstanding at the end of the year had an exercise price of £1.20. Share options granted in March 2016 had an exercise price of £1.20 and £0.75.

Share options granted in October 2016 had an exercise price of £1.40.

Share options granted in 2017 and 2018 had an exercise price of £1.20.

Share options granted in 2019 had an exercise price of £1.23 and £1.25.

Share options granted in 2020 had an exercise price of £1.50 and £2.25.

The weighted average remaining contracted life of the options outstanding at the end of the year was 6.5 years.

A Black Scholes option pricing model has been used to calculate the fair value of the options granted in the year. The following assumptions were made:

Assumptions made:	2020	2019
Weighted average share price	£1.50	£1.23
Weighted average exercise price	£1.88	£1.25
Expected volatility	60%	60%
Expected life (in years)	2	3
Risk free rate	0.16%	3%

The share-based payment charge for share option schemes for the year ended 31 December 2020 is £596,888 (2019: £1,850,512).

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. EQUITY

Group	Share capital and share premium £	Share option reserve £	Other reserves £	Retained earnings £
Balance brought forward at 1 January 2019	65,350,858	4,979,840	2,464,674	3,813,738
Profit for the year	-	-	-	996,455
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	(749,949)	-
Recognition of equity-settled-share-based payments in the year	-	1,850,512	-	-
Balance carried forward at 31 December 2019	65,350,858	6,830,352	1,714,725	4,810,193
Prior year adjustments	37,600	-	-	(91,588)
Restated Balance brought forward at 31 December 2019	65,388,458	6,830,352	1,714,725	4,718,605
Profit for the year	-	-	-	4,887,993
Capital reduction – Ordinary A shares	(28,923,742)	-	-	28,923,742
Capital reduction – Ordinary B shares	(12,857,260)	-	-	12,857,260
Own shares held	-	-	(23,766,657)	-
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	(645,625)	-
Cumulative translation adjustment	-	-	-	(10,088)
Recognition of equity-settled share-based payments in the year	-	596,888	-	-
Balance carried forward at 31 December 2020	23,607,456	7,427,240	(22,697,557)	51,377,512

Company	Share capital And Share Premium £	Share option reserve £	Other Reserves £	Retained earnings £
Balance brought forward on 1 January 2019	65,388,730	3,353,145	-	(17,162)
Fair value adjustment at 1 January 2019 – Revaluation reserve	-	-	29,835,624	-
Restated balance at 1 January 2019	65,388,730	3,353,145	29,835,624	(17,162)
Loss for the year	-	-	-	(38,098)
Restated Balance at 31 December 2019	65,388,730	3,353,145	29,835,624	(55,260)
Fair value adjustment at 31 December 2019 – Other comprehensive income	-	-	20,743,987	-
Restated Balance at 1 January 2020	65,388,730	3,353,145	50,579,611	(55,260)
Profit for the year	-	-	-	23,769,416
Reduction in capital – Ordinary A shares	(28,923,742)	-	-	28,923,742
Reduction in capital – Ordinary B shares	(12,857,532)	-	-	12,857,532
Own shares held	-	-	(23,766,657)	-
Fair value gain – Other comprehensive income	-	-	10,002,013	-
Balance carried forward at 31 December 2020	23,607,456	3,353,145	36,814,967	65,495,430

Other reserves – Group

Other reserves relate to cumulative translation adjustments, these being a function of translating the balance sheets and summarising the gains and losses upon translation. At balance sheet date there were Own Shares held with a fair market value of £23,766,657, and a nominal value of £15,844,438. These Own Shares held are in relation to the buy-back transactions that Flash Topco Limited undertook in February and March 2020, refer to note 14 for further details. Upon redemption in March 2021 of the Own shares held the balance of £23,766,657 will be transferred from Other reserves to Retained Earnings. In addition, £15,844,483 will be transferred from Share Capital to a non-distributable capital redemption reserve in recognition of the buy-back and cancellation of these ordinary shares.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. EQUITY (CONTINUED)

Other reserves – Company

Other reserves relate to the fair value gains and losses recognised on investments as per note 7.

At balance sheet date there were Own Shares held with a fair market value of £23,766,657, and a nominal value of £15,844,438. These Own Shares held are in relation to the buy-back transactions that Flash Topco Limited undertook in February and March 2020, refer to note 14 for further details. Upon redemption in March 2021 of the Own share held the balance of £23,766,657 will be transferred from Other reserves to Retained Earning. In addition, £15,844,483 will be transferred from Share Capital to a non-distributable capital redemption reserve in recognition of the buy-back and cancellation of these ordinary shares.

17. REVENUE

The group has companies in the United Kingdom, the United States of America, Germany, Australia, Brazil and Singapore.

An analysis of the group's revenue by geographical region is given below:

Group	2020 £	2019 £
United Kingdom	6,455,110	6,570,850
USA	50,581,174	44,998,305
Germany	4,002,274	3,980,446
Australia	1,347,029	1,120,700
Brazil	6,050	-
	62,391,637	56,670,301

18. EXPENSES BY NATURE

Group	2020 £	2019 £
Employee benefit expense (see Note 20)	33,650,597	34,408,811
Hosting	6,193,980	4,792,030
Operating lease costs, including office leases	17,103	101,614
Travel and entertainment	504,927	1,045,768
Consultants and contractors	970,211	1,245,055
Establishment costs	1,840,059	1,947,944
Professional fees	1,930,167	2,016,000
Amortisation - product development	2,212,924	1,849,355
Amortisation - acquired I/A	549,372	810,810
Amortisation - software	398,885	328,287
Other employee related costs	108,682	435,970
Depreciation	2,095,950	1,866,879
Marketing and advertising	397,831	768,381
Auditors'/consultancy remuneration		
- As Auditors	109,000	74,040
- Tax Compliance Services	306,631	211,982
- SOC 2	147,894	226,413
- Potential Acquisition advice	-	12,000
- Accounting Advice	111,561	-
Bad debt expense	82,765	(35,327)
Unrealized gain	(1,658,482)	(1,566,269)
Other expenses	855,429	733,529
	50,825,486	51,273,272

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. EXPENSES BY NATURE (CONTINUED)

	2020	2019
	£	£
Disclosed as:		
Cost of sales	7,559,976	6,340,880
Selling and marketing costs	6,725,232	7,687,564
Administrative expenses	12,674,339	13,804,874
Technical support and development	23,865,939	23,439,954
	<u>50,825,486</u>	<u>51,273,272</u>
Finance income and finance costs		
Interest on subordinated debt and loan notes	882,103	1,656,859
Interest on revolving facility loan	2,587,925	933,510
Other interest expense	-	167
Interest income on bank deposits	(1,104)	(1,525)
	<u>3,468,924</u>	<u>2,589,011</u>

19. EMPLOYEE BENEFIT EXPENSE

Group	2020	2019
	£	£
Wages and salaries	29,908,107	29,618,953
Social security costs	2,431,253	2,252,676
Other pension costs	714,349	686,670
Equity settled share-based payments	596,888	1,850,512
Total	<u>33,650,597</u>	<u>34,408,811</u>

The monthly average number of people employed by the group during the year analysed by category was as follows:

Group	2020	2019
	Number	Number
Selling and marketing costs	63	59
Administrative expenses	91	85
Technical support and development	145	139
Total	<u>299</u>	<u>283</u>

The total number of people employed by the group at 31 December 2020 was 305 (2019: 292).

The company does not have any employees (2019: nil).

Directors' remuneration - Group

	2020	2019
	£	£
Remuneration receivable	453,916	391,379
	<u>453,916</u>	<u>391,379</u>
Remuneration of highest paid director:		
Total remuneration (excluding pension contributions)	453,916	391,379

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

Directors' remuneration – Group (continued)

Directors' remuneration was paid through Flashtalking Inc., a wholly owned subsidiary of Simplicity Marketing Limited only. There was no remuneration paid through the Company in the financial year ended 31 December 2020.

During 2020 there were no share awards granted and the director did not exercise any options.

The number of directors who accrued benefits under Company pension schemes was as follows:

	2020 Number	2019 Number
Defined contribution schemes	1	1

Remuneration of key management personnel

	2020 £	2019 £
Short-term benefits (including remuneration)	466,967	403,831
	<u>466,967</u>	<u>403,831</u>

Short-term benefits were paid by Flashtalking Inc., a wholly owned subsidiary of Simplicity Marketing Limited only. There were no short-term benefits paid through the Company in the financial year ended 31 December 2020.

20. CASH GENERATED FROM OPERATIONS

Group

Cash generated from operations	2020 £	2019 £
Operating Profit	11,566,151	5,397,029
Adjustments for:		
Depreciation – property, plant and equipment	761,598	617,184
Depreciation – right of use asset	1,334,352	1,249,694
Amortisation	3,161,182	2,988,452
Non-cash post-employment benefits expense - share based payments	596,888	1,850,512
Net exchange differences	(1,695,712)	(2,372,424)
Adjustment on adoption of IFRS 16	-	259,357
Change in operating assets and liabilities:		
Increase in trade debtors	(1,429,197)	(1,560,632)
Increase in trade creditors	1,225,203	2,552,222
Increase in other operating liabilities	234,704	168,788
Cash generated from operations	<u>15,755,169</u>	<u>11,150,182</u>

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21. MATERIAL ITEMS OF PROFIT OR LOSS

The group 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 group.

The below items are included within administrative expenses in the income statement.

	Note	2020 £	2019 £
Potential acquisition	(a)	271,321	552,992
Refinancing costs	(b)	440,453	273,330
Stamp duty and Tax services	(c)	118,835	-
Other material items	(d)	71,137	46,193
Upstream Loan	(e)	85,363	-
Total		987,110	872,515

(a) Potential acquisition

In 2019 the potential arose to acquire a key competitor. Costs incurred were in relation to the potential acquisition of that business, which ultimately did not proceed.

In 2020 there were acquisition costs in relation to advice received on the purchase of Flashtalking Brasil Marketing Ltda and Protected Media Ltd.

(b) Refinancing costs

This expense is regarding the refinancing arrangement which took place across the group in 2020, and prior. The expense is in relation to the fee charged in order to amend the finance facilities and the legal advice received in relation to the refinancing and the share buyback which took place in the year.

(c) Stamp duty and Tax

These are costs incurred for stamp duty payable on the dividends during the year and tax advice received in the year in relation Flashtalking Brazil and refinancing.

(d) Other material items

Other material items are in relation to one-off expenses incurred outside the normal course of business.

(e) Upstream Loan

The group engaged in the elimination of an upstream loan in 2020. These were the costs in conjunction with the elimination of the aforementioned loan.

22. RELATED PARTY TRANSACTIONS

During 2020, the following related party transaction took place in the group (within Simplicity Marketing Limited) (no related party transactions during 2019):

(a) Purchase of Services from an individual who is a close member of key management Personnel:

	Transaction value for the year ended 31 December 2020	Balance outstanding as at 31 December 2020
Services provided in relation to the development of reporting application	USD 7,500	USD 7,500

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. RELATED PARTY TRANSACTIONS (CONTINUED)

This transaction was for USD \$7,500 which was converted at the year-end rate of \$1.36188/£1 to give an amount of £5,507 still outstanding to be paid at the year-end and included in expenses in the Income Statement.

The amount was fully paid on 8th January 2021 and the full amount of the services provided were unsecured and priced at an arm's length basis.

(b) Repurchase of shares:

During the year, there was a repurchase of shares for an amount of £23,766,657 by a number of related parties. The table below outlines the nature of the relationships involved in the repurchase and a description of the transaction.

Relationship of related party	Description of transaction
Founder	Shares acquired by Flash Topco Limited
Son of founder	Shares acquired by Flash Topco Limited
Wife of founder	Shares acquired by Flash Topco Limited
Private Equity investor	771,000 shares sold to WRG the remaining Shares were acquired by Flash Topco Limited
Mezzanine lender (WRG)	

The full amount of £23,766,657 was outstanding at the year-end. The repurchase of the shares were unsecured and priced at an arm's length basis, based on their fair value of £1.50 per share which was determined through a 409A valuation.

23. CONTINGENCIES

The group is engaged in litigation arising in the normal course of its business. Management does not believe that any such litigation would impact the group to any material extent, and that the possibility of any outflow in settlement is remote.

24. COMMITMENTS

OPERATING LEASES

The group leases various offices, etc. under non-cancellable operating leases expiring within 6 months to 8 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, in accordance with IFRS 16, the group has recognised right-of-use assets for these leases, except for short-term leases and low-value leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases for 2020 were £nil (2019: £nil)

25. ULTIMATE PARENT COMPANY

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

Copies of the Flash Topco Limited consolidated financial statements can be obtained from Companies House or at the business address of Simplicity Marketing Limited: 5th floor, 20 Rathbone Place, W1T 1HY, London, United Kingdom.

FLASH TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

26. AUDITORS' REMUNERATION

The audit fees for the Company were settled by Simplicity Marketing Limited as disclosed in the annual report of that company. Total amount of auditors' remuneration, for audit services, for the financial year ended 31 December 2020 was £109,000 (2019 £74,040).

27. COMPANY ONLY INCOME STATEMENT

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement.

28. 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:

(i) Acquisition of Protected Media Ltd

In February 2021, the group acquired 'Protected Media Ltd', an Israeli based ad fraud detection specialist. The consideration paid for the acquisition consisted of a mix of cash and shares.

In February 2021, Simplicity Marketing Limited (a 100% Subsidiary of Flash Bidco Limited) acquired 100% of 'Protected Media', a global leader in ad fraud prevention and detection. The consideration paid on acquisition was in the form of both cash and shares.

The consideration at close was made up of \$4.5 million cash, 580,857 B1 shares in Flash Topco Limited (at 31 December 2020 409A valuation of £1.87 per share) and 375,000 warrants with a weighted value of £0.4402 per warrant.

An Earn-out arrangement was also entered into with a \$1million change of control provision, up to \$7.5million cash and up to 505,583 shares in Flash Topco Limited. This is dependent on the revenue generated and based on the First and second anniversary checkpoints.

At the time of the financial statements being authorised for issue, the group had not yet completed the accounting for the acquisition of Protected Media Ltd. In particular, the independent valuations of the fair values of the assets and liabilities have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity and any profit or loss information of the acquiree since the acquisition date.

(ii) Acquisition by Mediaocean LLC

In August 2021, Mediaocean LLC completed the acquisition of all of the issued share capital of Flash Topco Limited. As a result of this acquisition, the new ultimate parent company of the group is Poseidon Holding LLC, a limited liability company in the United States of America.