



ANNUAL REPORT & ACCOUNTS 2022



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CEO's Letter

James Draper

Bidstack is maturing as a business as we focus on ensuring our technology underpins the growing in-game advertising economy to achieve our \$100 million revenue goal over the medium term.

2022 will be looked back upon as the year when the company made the operational shift from early stage to a scale-up business.

The functionality of our monetisation offering to developers, additional use-cases for our technology across the game studios we are working alongside, grow our network of titles, encourage the IAB (Internet Advertising Bureau) and MRC (Media Rating Council) to establish clear guidelines for measurement within the in-game advertising industry and licensing our technology.

Looking back at 2022 we achieved all of our operational targets.

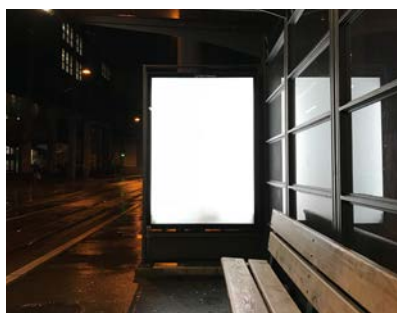
The IAB and MRC published guidelines through June and August of 2022 for intrinsic in-game advertising, the in-gameplay format. This step has seen the quantity and size of the request for proposals multiply through the last 12 months. Media buying software, the demand-side platforms (DSP) are adopting intrinsic in-game as a format and we are seeing global demand increasing.

We will see through 2023, intrinsic in-game on the open exchange, meaning fully automated trading of our inventory. This would not have been possible without the increased lobbying and efforts of our team working with the advertising community to promote gaming as a format.

We're expecting automated trading of our in-game contracted inventory to make up a third of our 2023 revenue, which will continue to grow as a proportion.

As we have refined our offering to being a gaming supply-side platform (SSP) and a content management system (CMS) tool, we have added additional formats into our network.

We are empowering game developers and publishers to control all advertising spaces through our AdConsole portal.



2015

Bidstack is founded in 2015, initially as programmatic OOH



2017

Pivoted in 2017 into the virtual world, contract with SEGA Europe's Football Manager



2018/19

Acquisition of Pubguard

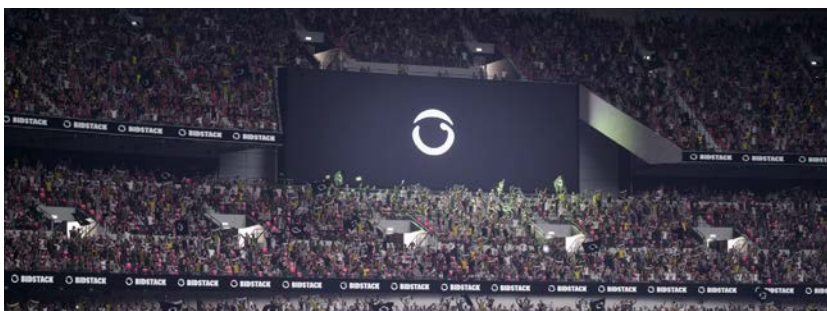
Bidstack Group lists on AIM via reverse into Kin Group

In-Game SDK launch + first programmatic campaign (TTD)



2020

35 brands across multiple markets deploying test spend



2021

AAA publisher agreement for a multi year and multiple advertising format deal for the publisher's mobile portfolio and exclusivity to one of the world's largest sporting gaming franchises

58 games & 70 brands are using the platform

Product offer grows to 2 ad-formats with In-Menu going live

We now empower developers to monetise intrinsic in-game, reward-video, in-menu and sponsorship activations, all through our platform. This makes Bidstack the only gaming SSP with this capability relative to our competition.

Why is this important? Game publishers have made it clear they don't want multiple monetisation platforms or SDKs to manage, so having one clear offering stands us out as a logical partner. With our portfolio of titles growing to over 250 contracted, up 4x this time last year. We can see our impact in the gaming ecosystem is growing.

From our initial move into the gaming space, we've ensured we build out our own proprietary technology stack, protect our processes with patents and ensure that the platform could be licensed to third parties, potentially under a white-label. In 2022, we signed our first licensed customer, Adways.

We entered into an agreement with Adways, where they will onboard games themselves in Asia Pacific, on to our white-labelled SSP, before connecting their buy-side demand to our platform and run their own in-game advertising business. Bidstack takes a percentage of everything sold, whilst providing technical support and our infrastructure. Low touch, high margin.

We've seen that sports teams have had a desire to utilise our platform. To date, sports rights holders, such as teams or leagues, haven't been able to control their virtual IP, whether that be pitch, track or court-side hoardings, shirt sponsorships, car liveries or skins, in real-time.

Through our AdConsole, sports IP can target messaging via their brand partners to gamers based on their age, geo, gender or anything happening within the gameplay. Whether it be a success or failure within the game.

As a club or franchise, teams can connect with fans of their team, using spaces within the gaming application to communicate on a one-to-one level. If a team has just won the 'championship' they are competing with, just like with the teams' social media reach, messaging can instantly be pushed out around their gaming IP to reflect that real-world success, complete with offers to their loyal or net-new fanbase.

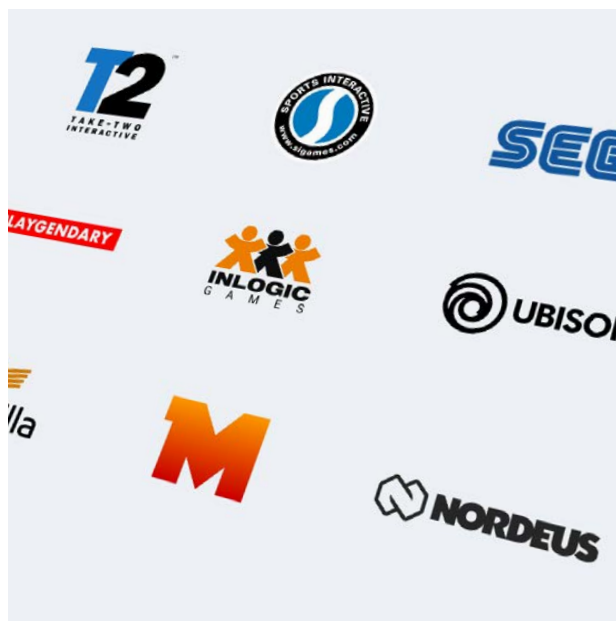
Teams are able to monetise themselves, or if they wish, can add their inventory to take advantage of Bidstack's marketplace.

The initial contract with Azerion was for global exclusivity, but as it became clear that Azerion's sales footprint didn't stretch beyond Europe, the company took the decision to add boots on the ground in the US, the biggest advertising market.

Bidstack and Azerion carved out territories from the global agreement to ensure that Azerion's lack of sales footprint didn't harm our gaming network. The resellers we took on across APAC, India and MENA have given our company true global reach to the advertising community.

Azerion has not honoured their side of the contract and failed to pay for the services Bidstack Group provided, thus Bidstack is pursuing Azerion for unpaid invoices.

This has given Bidstack the commercial freedom to connect the growing list of demand sources directly into our SSP and the team we have in place now makes us more confident than ever before that the company is about to have a revenue break-out.



2022

Portfolio exceeds 250 games, including a further 2 exclusive mobile titles from a AAA publisher

Delivered campaigns in excess of 100+ brands

Bidstack becomes a Unity Verified Solution Partner

IAB/MRC In-game ad channel standards published in conjunction with Bidstack

Expansion of the US, with 7 senior hires from AdColony

Bidstack launches Rewarded Video, the most transacted gaming ad-unit

2023

Launch of Bidstack Sports

Bidstack Sports' partnership with SimWin Sports and NFL PRO ERA

Multi-year deal with Ubisoft's most successful mobile franchise Hungry Shark

We have the commercial freedom, vision and focus to execute throughout 2023 and beyond to establish Bidstack as the central infrastructure for in-game monetisation and player engagement tools.

The coming months and years will be exciting for us all to share with the shareholders who have supported the company as we've gone from a listed startup to now a scale-up.

Thank you to everyone who has helped the company get to this point.

James

Market Opportunity

The global gaming audience is a lucrative opportunity for advertisers

The number of global gamers will exceed 3.8 billion by 2027 which will represent 40% of the world's population.

Gaming is now the largest entertainment channel as free-to-play and gaming-as-a-service have gained traction, resulting in developers and publishers looking for alternative monetisation avenues.

The US is the world's largest ad market and there is an opportunity for advertisers to follow consumer attention and increase ad spend in gaming channels. The demise of the cookie and Apple's removal of IDFA, plus the surge in usage of ad-blockers creates challenges for targeted web advertising; tapping into gaming presents a compelling opportunity to bypass these concerns.

Intrinsic in-game ad formats are new, innovative and immersive whereas rewarded video is a proven and more mature format. Advertiser spend has historically followed eyeballs, and as consumer engagement rises, in-game ad revenue is predicted to surpass other major channels.

In-game advertising revenue is underpenetrated in PC & console platforms with a growing opportunity to monetise cross-platform. Mobile is a large player contributing to over 50% of global gaming revenue. This is expected to continue as we see increased smartphone penetration and the greater adoption of 5G technology.

3.8Bn

Global gamers growing at 5%

\$1tn

Global advertising market with digital growing at 7%

\$398bn

Global gaming market growing at 16%+

\$88bn

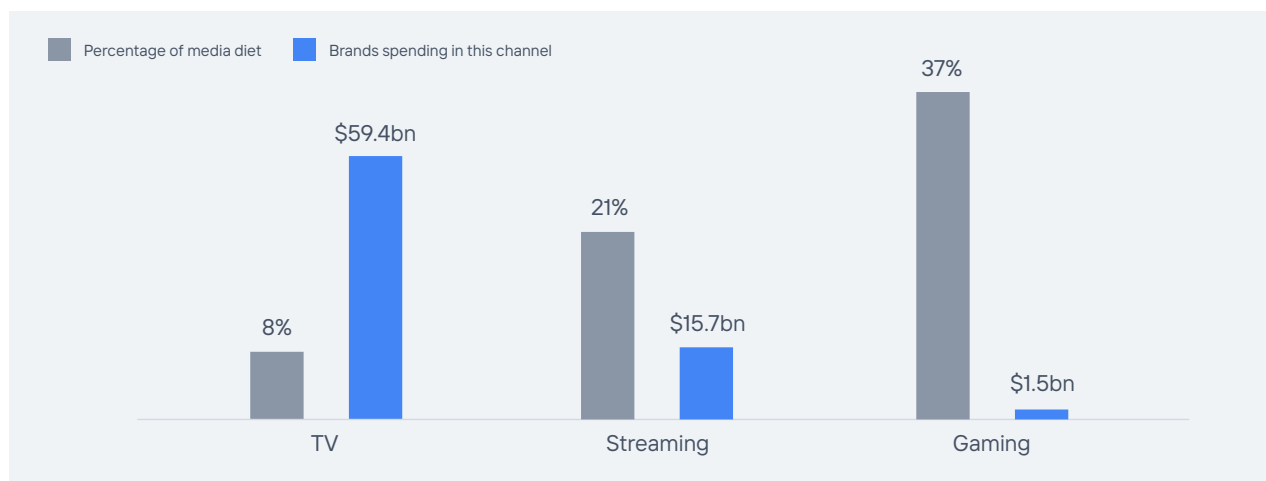
Games technology market revenue to grow +7%

2022

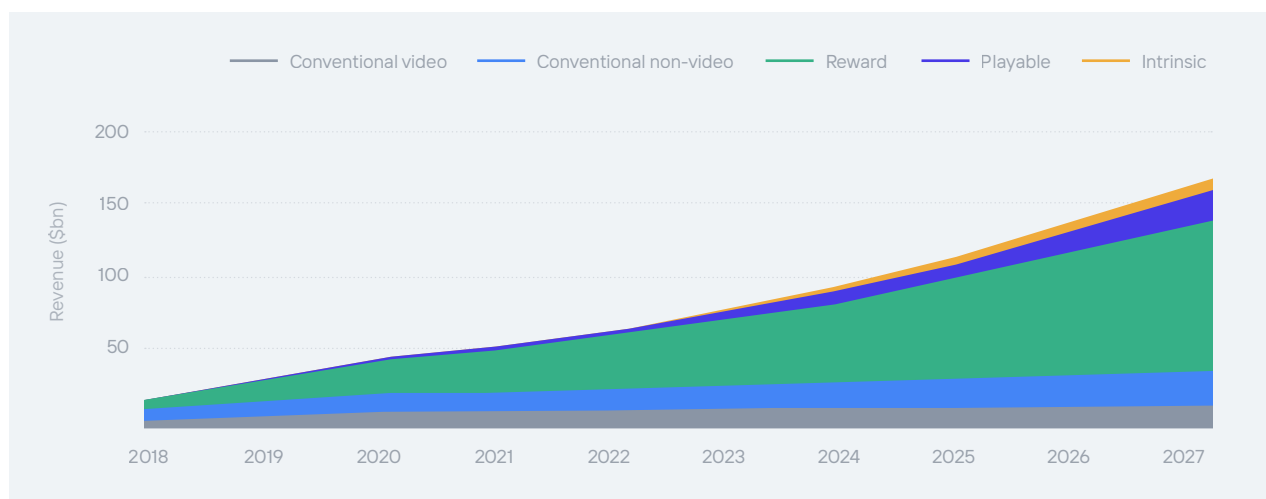
→ 2027

Source: Statista, GroupM and Omdia

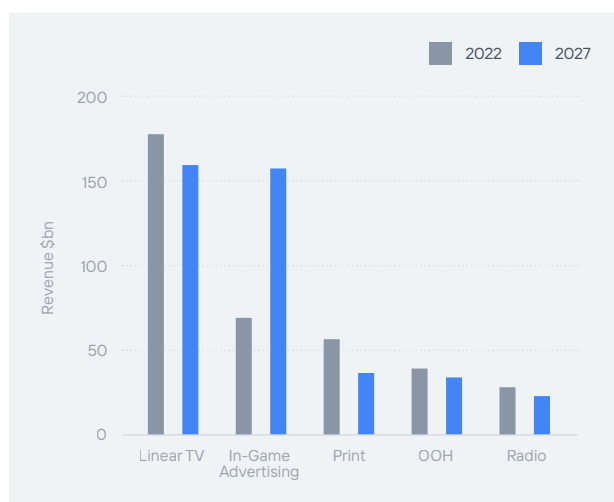
Global games revenue by segment (2022) Source: AdWeek



Global In-Game Advertising revenue by format, 2018-27 Source: Omdia



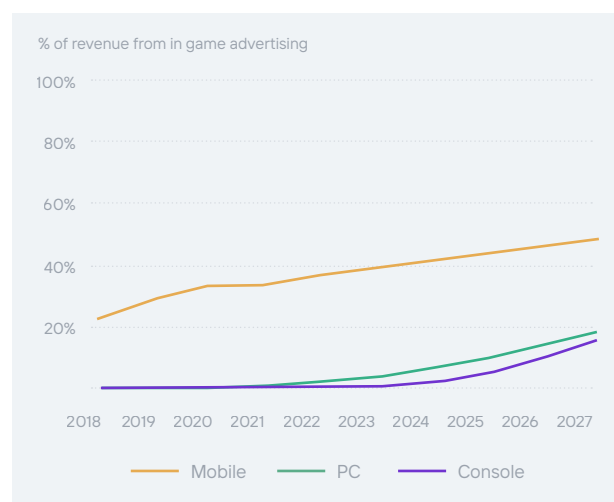
In-Game Advertising revenue compared to selected advertising markets, 2022 & 2027



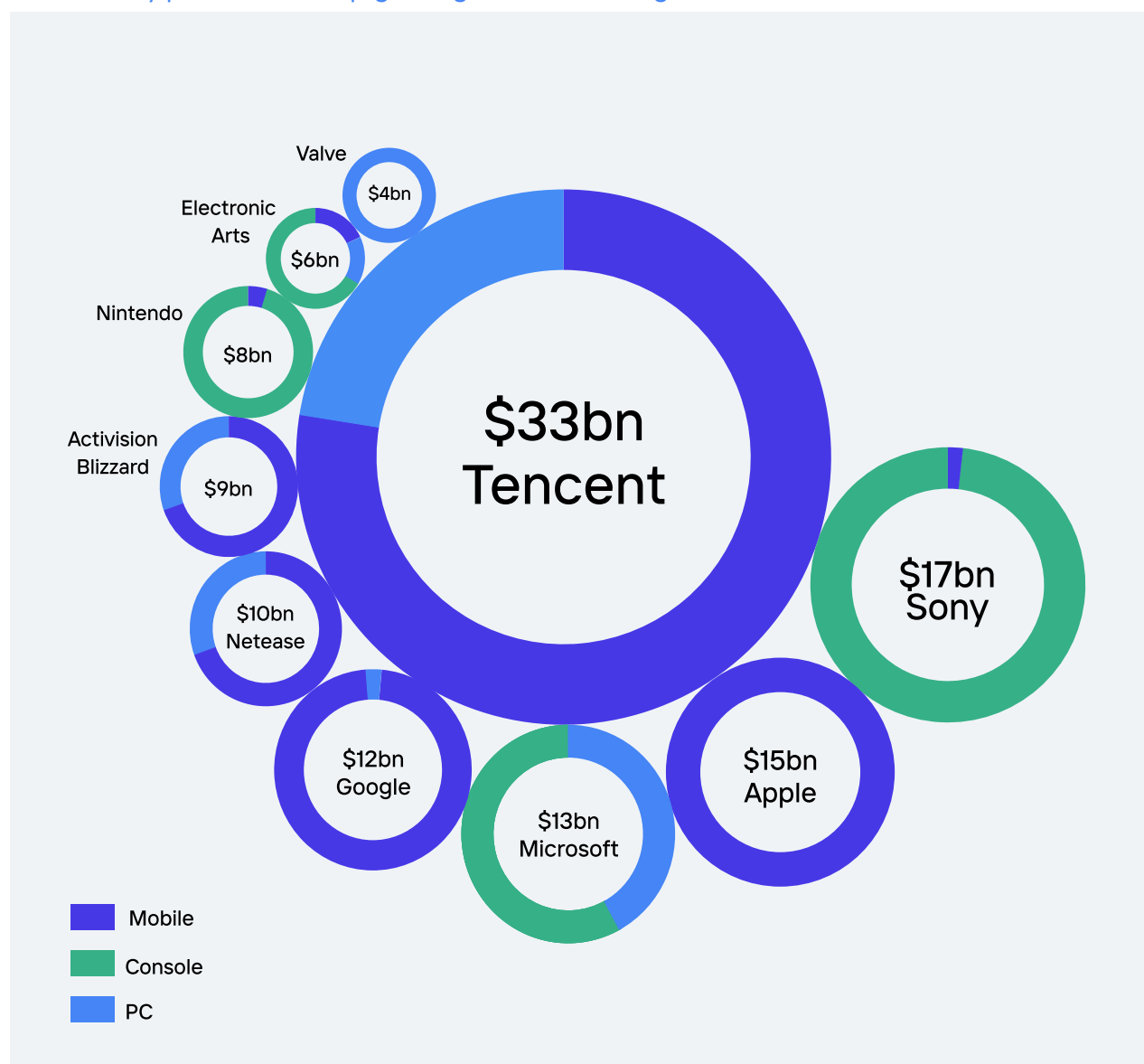
Sources: Omdia

In-game Advertising's share of total games revenue

Sources: Omdia



Revenue by platform for top gaming firms excluding hardware



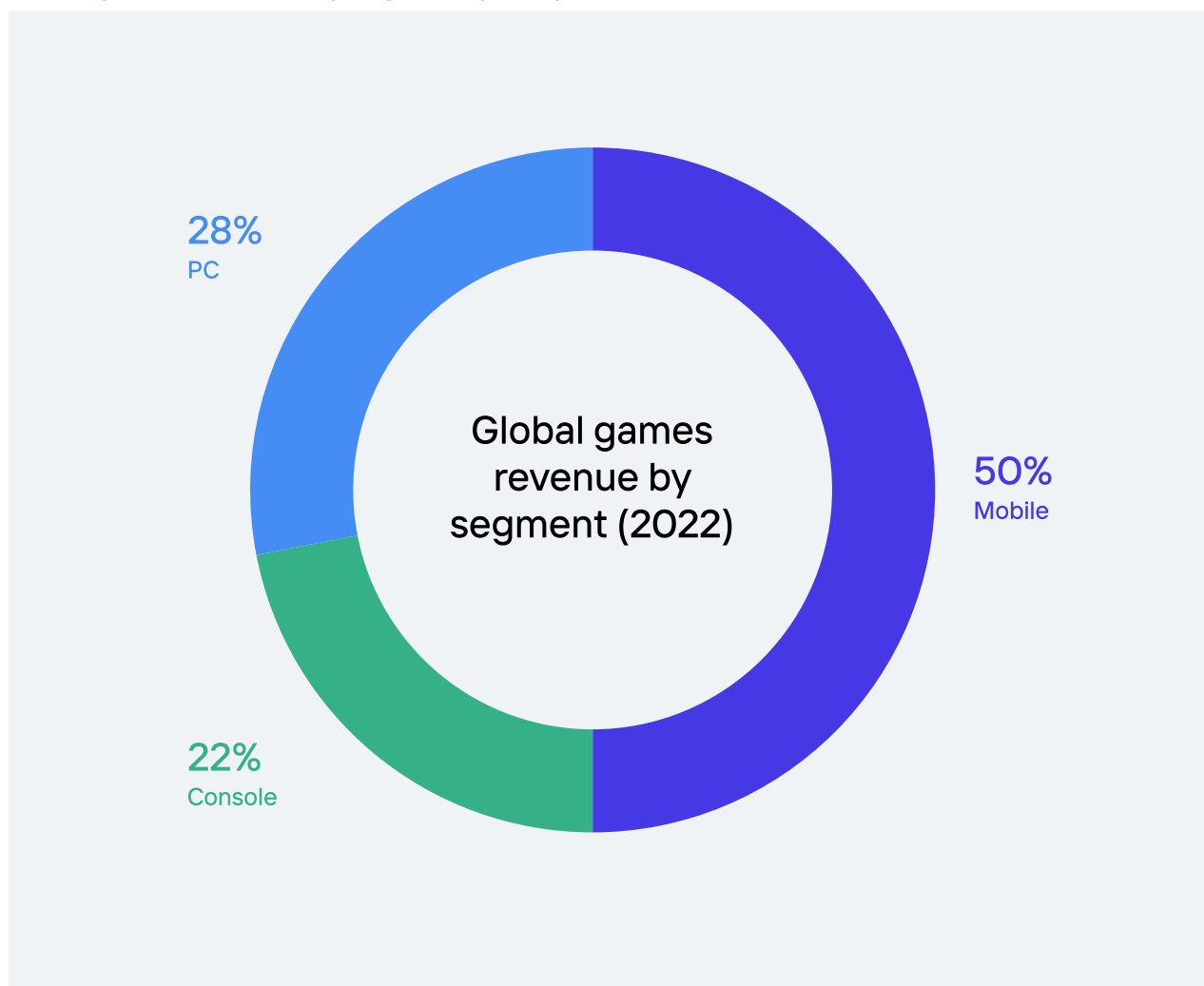
Source: Company financials, superjoost analysis. Based on company reports for those firms that provide a breakout of revenues by platform.

The industry is at an inflection point as through standardisation and advancements in technology, enables programmatic transaction of in-game ads at scale. Omdia predicts if games monetised through ads on the big screens at the rate of traditional media channels, it would unlock an incremental \$25bn in ad revenue.

Currently, only 5% of console developers are monetising with ad-supported business models. Both Sony and Microsoft announced plans to allow in-game advertising in free-to-play games on their consoles.

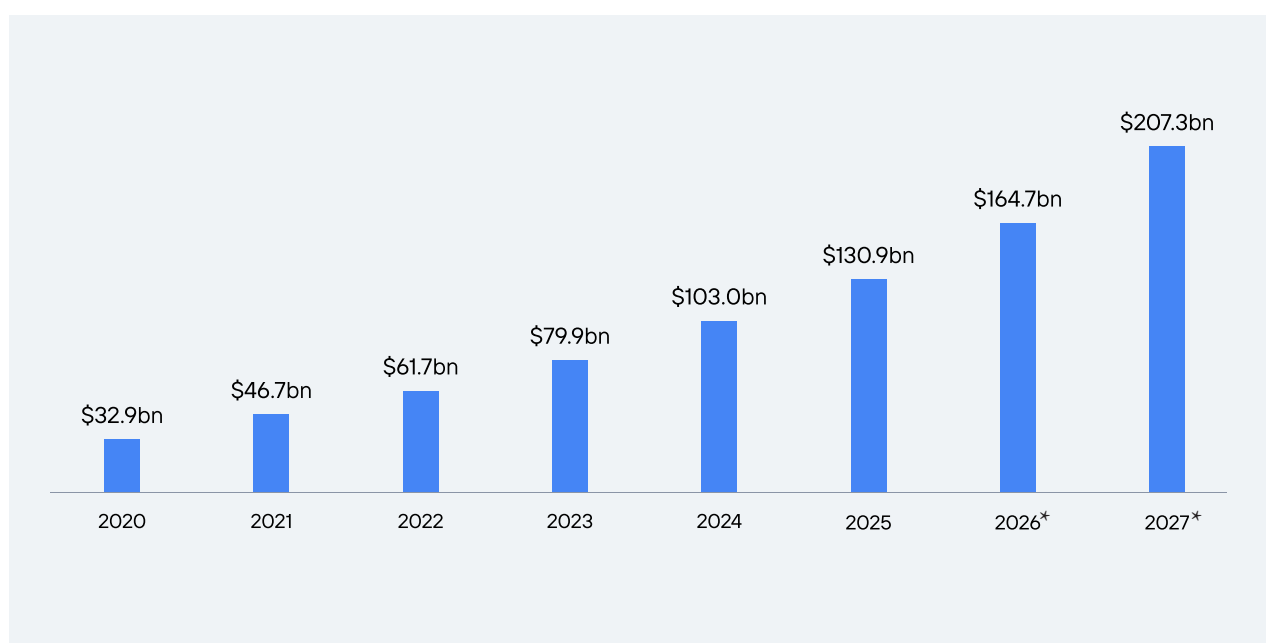
The world's largest publishers are investing in mobile games. Activision Blizzard, Electronic Arts, Take-Two and Ubisoft are growing their portfolios to capitalise on this trend. The recent mergers of Unity and Ironsource and Vungle and Liftoff is evidence of the importance of serving the growing developer community with monetisation tools.

Global games revenue by segment (2022)



Source: Newzoo

Mobile gaming advertising spending worldwide from 2020 - 2027



Source: Juniper Research

*Bidstack forecast applying 2022-2025 CAGR of 25.9%

Major agency holding groups establishing gaming divisions



dentsu
dentsu gaming



essence**mediacom**
mediacomPlay

HAVAS
HAVAS
SPORTS & ENTERTAINMENT



"This [2023] should be the year that gaming is taken seriously. There are over 3 billion gamers in the world, and yet there are very few brands advertising within the space. Compare that to social media, which only reached 3 billion global users in 2018. In other words, imagine it's 2018 and almost none of your competitors were advertising on social media, that's the opportunity that gaming offers."

[Marcos Angelides](#)

Chief Strategy and Innovation Officer, Spark Foundry

"5 years ago, Connected TV was an emerging channel. As we think about gaming today, we see a lot of similarities to CTV all those years ago."

[Natrian Maxwell](#)

GM, Emerging Channels, The Trade Desk

"This just seems obvious, we should be in gaming, we should be in immersive experiences, and that's the place to reach this next generation audience."

[Keith Soljacich](#)

Head of Innovation, Publicis Media

Agencies and ad-tech are going all in on gaming

Advertising agencies are waking up to the potential of in-game advertising and are establishing gaming divisions and recruiting executives from gaming powerhouses to drive growth as awareness rises.

Bidstack's proprietary technology is a conduit for digital advertising and gaming.

What brands need

- Data-Powered Audience Buying
- Massive Scale
- Programmatic Activation
- Brand-Safe Environments
- Robust Measurement
- Audience Attention
- Innovative advertising opportunities

What game developers need

- Generate revenue with ad monetisation
- Maintain positive user experience
- Increase player engagement & session times
- Lightweight SDK that enables flexible game updates
- Data and reporting tools
- Efficient development timelines & content management

Innovative, ad experiences
with undivided audience
attention

Intrinsic, non-disruptive,
in-game monetisation
opportunities



Measurable, standardised
and turn-key ad formats in
brand-safe environments

Scalable reach to an
engaged audience on
all screens

Meet the Team

James Draper

Founder & CEO

James Draper is the Founder of Bidstack, leading the company through its evolution from being the first iteration of a programmatic digital out of home platform, before pivoting and creating the intrinsic in-game advertising industry. Now, with Bidstack Sports, Bidstack is set to create a third industry-defining product, all within the first 8 years of trading.

Using an aggressive marketing strategy, including sponsoring recognised English football team Norwich City FC, the company attracted worldwide interest from multiple media channels.

In 2017 James agreed a multi-year deal with SEGA Europe's studio Sports Interactive, for Bidstack to exclusively sell the billboards within Football Manager. This was the birth of in-game advertising.

Since then James has raised over \$42 million and led the business to the forefront of the industry he created, the in-game advertising industry, whilst listing on the London Stock Exchange, in 2018.

The irrepressible focus on ensuring Bidstack's technology is used by multiple stakeholders within the gaming industry, from commercial to licensing and internal marketing teams within studios, whilst empowering media planners worldwide to utilise Bidstack's proprietary technology to communicate within gameplay to gamers for the first time.

Bidstack has gone from a one-man business to an industry-defining business unlocking the advertising worlds' billions of dollars to game developers large and small, for the first time.

James leads the companies' vision and manages the Group day to day.

Q: How is Bidstack continuing to evolve?

Bidstack's evolution continues as there are multiple use cases for our technology. If you boil it down to what the technology does, it is a content management system and a supply side platform. Our customer is the game developer or publisher. We enable these studios to monetise spaces in and around their virtual environments as well as engage with their player base with personalised messaging.

In 2023, we launched Bidstack Sports which is a specific product for sports simulation games. The platform also provides access to the licensing, marketing and commercial teams within the developer or publisher. It also introduces new customers to the platform such as the rights holders and sports teams who view gaming as a channel to recruit fans.

Q: What goal do you have for the company?

My goal for Bidstack is to be the most widely adopted gaming supply side platform that significantly contributes to the revenues of game developers across the world. To achieve this



goal, we will cross-pollinate our technology across gaming studios to have multiple seats on our platform to maximise our content management use cases including sports licensing, marketing, fan engagement and user acquisition.

Q: What is the vision for Bidstack over the next 3-5 years?

By 2028, Bidstack's customer mix will be far broader than what it is today, driven by the structural tailwinds in the total and serviceable addressable markets. It will grow from monetisation, demand-side platforms, resellers, publishers to user acquisition, marketing, sports teams, rights holders, streaming platforms and film.

The potential for intrinsic in-game advertising in consoles is the holy grail for both advertisers and game developers that will unlock further industry growth. As awareness rises over the outlook period, Bidstack is confident that it will be the dominant player across the major gaming platforms and ecosystems.

We are also paying close attention to the secondary viewing audience and working with our partners to determine the best way to measure this. Viewers of gaming streams on Twitch or YouTube amplify the reach of in-game placements from our SDK. When this feature is launched in the coming years it will empower game developers to monetise advertising spaces within their video game environment.

We can envision use cases outside of purely gaming. If we look at TV shows like The Mandalorian, the backdrop is entirely shot in Unreal Engine. This is without pointing towards a no-coding AI-driven future where games will be easily produced by anyone wishing to play out their fantasy. We can see this already with the likes of Roblox. But, fast forward the next 3-5 years, the user interface and dynamicism will be increased dramatically. The technology will be doing the heavy lifting.

Meet the Team

Thomas Bullen

CFO

Thomas joined Bidstack in 2023, adding 20 years of finance experience in financial services and the fast-growing mobile advertising technology space.

He previously served as the CFO at AdColony, one of the world's largest mobile gaming monetisation platforms, where he led a global team of 25 finance professionals.

Prior to AdColony, Thomas served at the publicly listed parent company Opera Software as a Financial Controller as well as working closely with the corporate development team on acquisitions and post-deal integrations.

Q: How are you preparing Bidstack for growth?

I am confident in the go-to-market plan for 2023 which is premised on a diversified revenue strategy. Our plan calls for quarter-on-quarter growth which is skewed towards the second half of the year reflecting the seasonality of the advertising market.

We are preparing for growth by ensuring resources are optimised and deployed behind key revenue lines. The investment in the US commercial team last year is now providing a visible pipeline that is growing and compounding through existing relationships and rebookings.

The launch of an open marketplace in Q2 2023 will reinforce revenue for our publishers with consistent fill and grow our geographical reach.

As we enter H2 2023, our reseller network should begin to contribute materially which is a cost-efficient approach to monetising our non-core markets.



Q: What are the KPIs you will be tracking to evaluate commercial progress?

As a business, revenue and gross margin are key metrics that we track to evaluate the market growth, strength of our value proposition, moat and success of our commercial teams.

However as we are establishing a new market, it is important to focus on lead indicators such as the growth of our publisher portfolio which enables supply and demand optimisation, the number of products being cross-sold and adopted by publishers and product feature launches to enhance our offer to our existing and prospective customers.

Q: What are the key drivers that will transform the pathway to profitability?

The building blocks are in place to generate scalable and accretive revenue on a cost base which will be growing at a much lower rate from where we are today. As we continue to execute according to plan, operational leverage will drop through as we proliferate buying points to access our platform of premium inventory.

We are making good progress in licensing our technology. Despite being early days, if adoption is faster than we anticipate it can change the profile of profitability.

Meet the Team

Lisa Hau

CSO

Lisa joined Bidstack in May 2020 with c.15 years of experience most recently at WPP a FTSE 100 where she led investor relations and at Jefferies where she was an equity analyst heading up coverage for European Media and Internet.

Lisa is Bidstack's CSO and works closely with the management team on strategy, corporate and business development. She graduated from the University of Technology, Sydney in 2006 and is a qualified Chartered Accountant.

Q: What sets Bidstack apart from its competitors?

The quality of our team, product and portfolio. Over 2022 we achieved no less than 11 industry commendations and awards recognising our team's innovative work. I am confident that in the year ahead we will continue to achieve, set and lead the standard for our peers.

Bidstack is a magnet for talent as evidenced by our recent executive hires in the US and our track record of bringing onboard global leaders in gaming from EA and Sony. It is crucial to understand the key success factors of our developers and publishers to ensure that it is reflected in the products and features we launch.

Attracting and retaining high-calibre talent is imperative for growth and further sets us apart from our peers in the space.

Q: How does Bidstack grow organically?

We pride ourselves on cultivating strong and genuine relationships with our developers and publishers. We are a strategic growth partner that creates value by increasing player engagement, generating incremental revenue and alleviating development timelines.



Bidstack's platform promotes achievement of commercial goals, enrichment of marketing mix with dynamic content and reporting tools for cohort analysis.

This is a virtuous circle when combined with relentless innovation ensures cohesive and enduring relationships with our developers and publishers. It has led to flourishing organic growth represented by cross-pollination of services, exponential expansion of publisher portfolios and appetite from commercial partners to white-label our technology.

Q: What does the future hold for Bidstack?

The structural growth evident in gaming and advertising provides a solid foundation for Bidstack to accelerate market share gains over the medium to long term. The confluence of factors such as developers monetising their games and advertiser dollars shifting towards gaming as a mass media channel creates prime conditions for success.

Bidstack is at an inflection point where the business has moved beyond proof of concept stage to accretive and scalable revenue growth. There are several key catalysts which will compound Bidstack's valuation which are not currently captured. These are as follows: 1) console approval will unlock valuable gaming inventory 2) acceleration of adoption and conversion of white-labelling 3) sports technology as a growth engine to reach next-generation fans in video games.

We are proud to be working with some of the most recognisable names in the gaming industry and are seeing growing interest from commercial partners in all markets. The quality of our pipeline is a testament to our build and partner approach.

Bidstack's sole focus is on enabling and enriching the game developer ecosystem with the mass adoption of our technology.

Meet the Team

Camila Franklin

COO

Camila joined Bidstack in 2022, adding more than two decades of gaming experience to the team. She was previously the COO at AdColony, one of the largest gaming monetisation platforms in the world.

Throughout her career, Camila has led engineering, product, operations, and client-facing teams. She is also well-versed in managing complex cross-platform interactions and relations with clients, end-users, internal team members, and external partners.

Q: Can you share any details about Bidstack's diversified revenue strategy?

In any industry diversification of revenue streams is an important consideration. This is why we are continuing to build out our reseller network and strengthen our agency partnerships as well as being pioneers in the open marketplace for in-game.

I had a similar experience during my time in AdColony; we were there in the very early days of rewarded video so we need to replicate and expand the strategy into in-game to grow our share of gaming advertising budgets.

Q: What new opportunities will arise as in-game advertising expands beyond mobile platforms and into console?

The integration of in-game advertising on consoles presents a promising opportunity for the gaming industry. With integration expected in the next couple of years, it is only a



matter of time before we see native in-game ads integrated into consoles. This presents a lucrative opportunity, as CPMs (cost per thousand impressions) should be comparable to that of Connected TV (CTV), ranging from \$30-\$60.

Moreover, major AAA publishers are already making significant progress in advocating for intrinsic in-game ads and trialling the formats with their mobile IP.

Q: Is Bidstack's technology well positioned to capitalise on the market's growth?

The technology is well positioned for it, it's been developed with the expansion in mind. Of course, we will need to continue to work with console developers and those partners who will allow us to integrate, but the technology is ready so we can go into it as soon as we have the permissions in place.

Highlighting Our Finest

Celebrating the Best Moments and Achievements of the Year

As a gaming technology company, Bidstack unifies the advertising and gaming market with its platform that powers multiple stakeholders.

During the year, Bidstack has been active and called upon as evangelists, thought leaders, subject matter experts, keynote speakers and strategic growth partners for developers, advertisers and many others within the ecosystem given its broad appeal as an enabler of commercial opportunities.

Bidstack received industry recognition on 11 occasions in 2022 with commendations and awards covering technology, talent and campaigns. Bidstack's success at these industry awards showcases the commitment to excellence and innovation in the respective categories.

Award Body: MadFest: E.ON Brand Challenge

Category: Brand Innovation Award

Winner: Bidstack

Others Shortlisted: Picnic, KidsKnowBest, Attention Exchange, RockPaperReality

MadFest is the premier marketing festival in the UK, providing a unique platform for networking with the largest brands and the most innovative start-ups. At the festival, Bidstack was a prominent presence, hosting a stand, presenting on stage, and participating in the E.ON brand challenge on the Innovation Stage.



As a global energy giant, E.ON was seeking a partner to collaborate with and promote consumer behaviour changes, encouraging the adoption of more sustainable technology solutions.

When asked why he selected Bidstack, Scott Somerville, E.ON's Head of Brand & Marketing, said, "The way Bidstack have thought about not just their product, their execution, but also how you would help the brand with it too, is very impressive...It's great because we can borrow their equity with a really different audience, and the simplicity of the offering made it even more appealing."

Award Body: Campaign Media Awards US

Category: Media Owner: Best Media Strategy

Winner: Bidstack

Others Shortlisted: Aki Technologies with Primal Kitchen, Vevo with Karma Money

The Campaign US Media Awards were built to honour companies that are guiding clients through a complex and fast-moving landscape. Winners were selected on their ability to demonstrate remarkable agility, strategic rigour and creative thinking across their campaigns.

Since 2021 Bidstack has begun working on larger campaigns with leading brands in the US market and we set out to celebrate the creativity and innovation of this work alongside our partners. Winning Gold at the Campaign Media Awards in the US was an important step in building our profile in the US market.

The campaign, which featured legendary US goalkeeper Tim Howard, made Invictus the world's first fragrance to create a sporting challenge in a VR environment and succeeded in increasing purchase intent and improving brand perceptions among their target audience.

Award Body: Digiday – Marketing & Advertising Awards Europe

Category: Best Use Of Technology

Winner: Bidstack

Others Shortlisted: Greenhouse with Eurojackpot, MG OMD with Specsavers, 7 Stars with FreeNow, Upstream & TIM Brasil



The Digiday Marketing and Advertising Awards Europe recognise the companies, campaigns and technology modernising European marketing and advertising.

One of the three key pillars of our awards strategy for 2022 was to gain recognition for the quality of our technology. We were proud to be 'Highly Commended' by The Drum in the Best Tech Platform category at the Drum Awards for Digital Industries but taking home first place in the Best Use Of Technology category at the Digiday Marketing & Advertising Awards for Europe was an important point of recognition.

Our campaign with Marriott Bonvoy, Publicis Sport & Entertainment, and Publicis Media perfectly demonstrated the capabilities of our technology and how it could be applied to deliver a multi-award-winning campaign.

Other awards Bidstack received throughout 2022 include Best Regional Campaign (North America) at The Wires, Technology Media Leader of The Year at The Media Leaders Awards, Best Use Of VR And AR at The Drum Awards For Digital Industries, Best Creative Use Of Innovative Formats at The Digital Media Awards, Bronze for Best Fan Engagement By A Club (in collaboration with Norwich FC) at the Football Business Awards and Bronze for Best Gaming & Esports Placement at Les Trophées Marketing.

By consistently leveraging cutting-edge technology, fostering a culture of continuous learning and development, and delivering groundbreaking campaigns, Bidstack has established itself as a formidable industry leader, poised to shape the future of advertising.

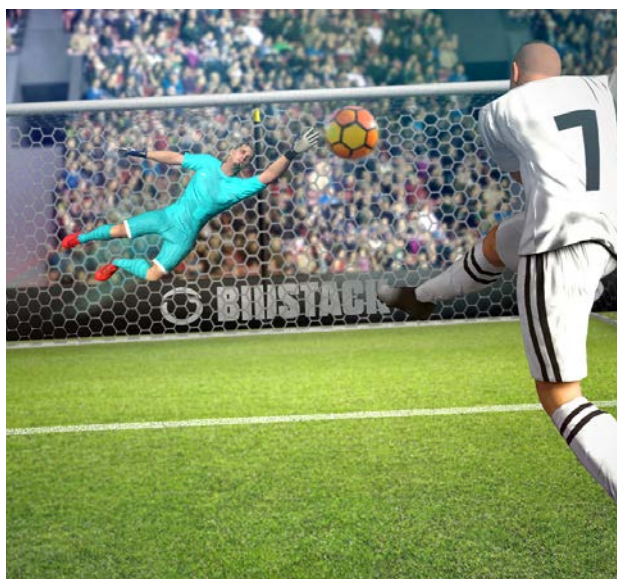
Powering Multiple Stakeholders

Bidstack's suite of products continues to evolve and provides a solid platform for scalable revenue acceleration and creates value for its expanding client base.

Expertise and innovation in technology as well as reliable reporting and insights facilitate a market-leading position in a dynamic gaming marketplace.

The products supporting growth are as follows:

A library of software development kits (SDK) which game publishers can integrate into their titles to enable ad unit creation, inventory management, reporting on performance and monetisation through direct or programmatic advertising. Key features such as standardised formats and open measurement have been areas of focus to drive scale. Complementary use cases such as in-house marketing and rights holder management reinforce the organic growth opportunities.



Intrinsic In-Game

In-the-game

High-impact branding inserted natively within game play, replicating real-world experiences.



Rewarded Video

Around-the-game

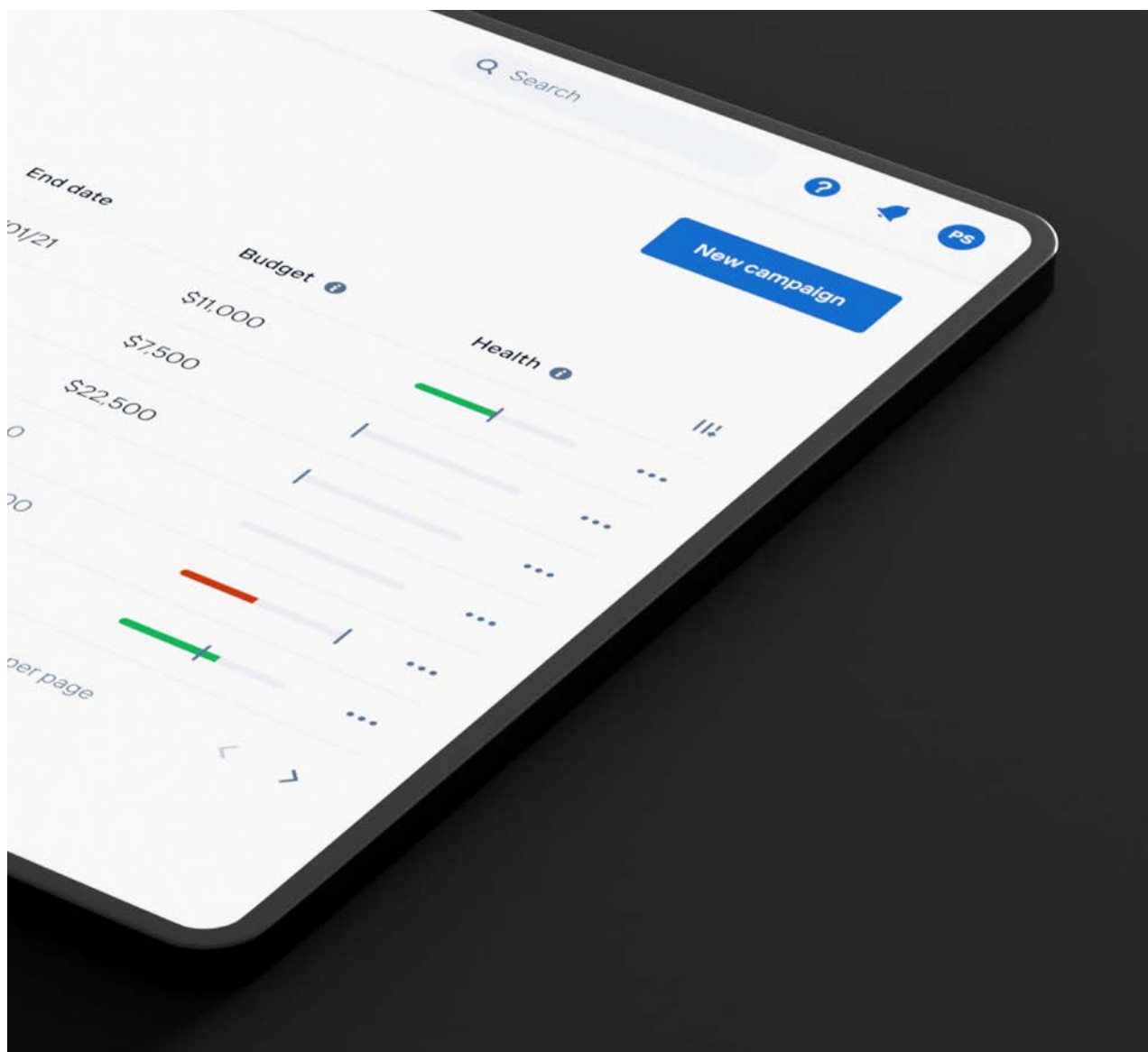
Amplify in-game media with up to 30s video ad placements that consumers choose to engage with to earn in-game currency and rewards.



In-Menu

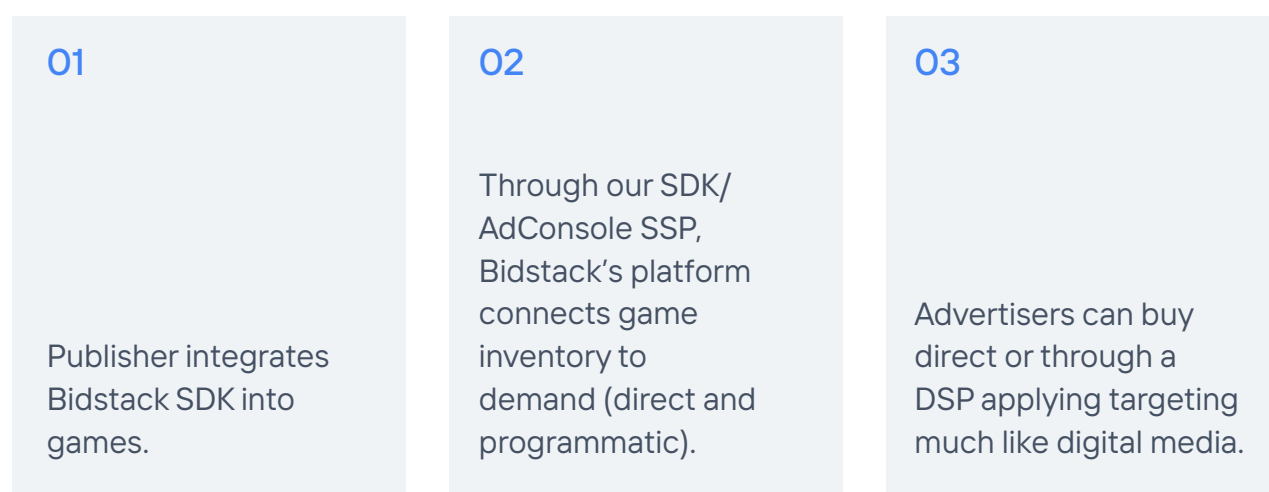
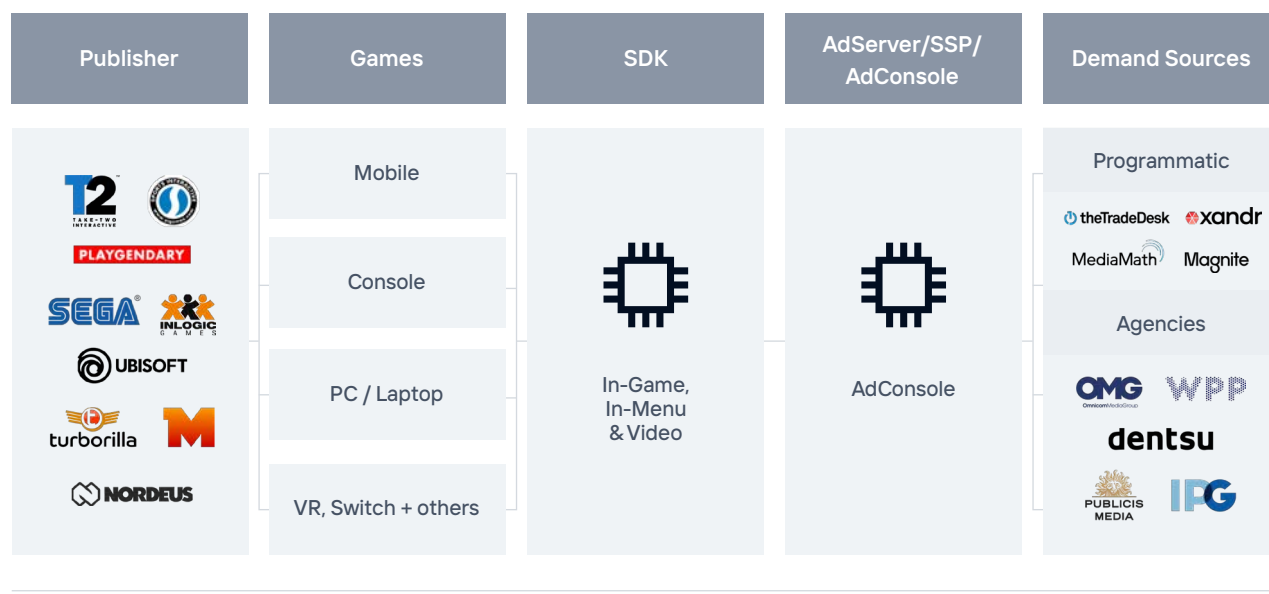
Around-the-game

These clickable mobile ad units become a natural part of a game's menus, user interface or loading screen.



The AdConsole Platform

An ad management and reporting interface powered by Bidstack's proprietary ad server and programmatic exchange, allows game publishers to dynamically control and monetise gaming inventories and media buyers to create, launch and optimise advertising campaigns. AdConsole is currently accessed by clients through a managed service, however, it is evolving into a self-serve solution for turn-key activation to address enterprise clients.



The Bidstack Exchange

A gaming marketplace designed for efficiency, transparency and control with multiple demand partners that enable publishers to connect to programmatic advertising spend. Expanding programmatic capabilities to service client demand produces an engine of always-on revenue growth.

Bidstack will continue to collaborate and lead the market with industry bodies, independent measurement companies and third-party technology providers to develop, standardise and measure the effectiveness of gaming environments with the objective of growing the market for all players.

Expanding our Reach

Growing our Network of Global Publishers & Developers

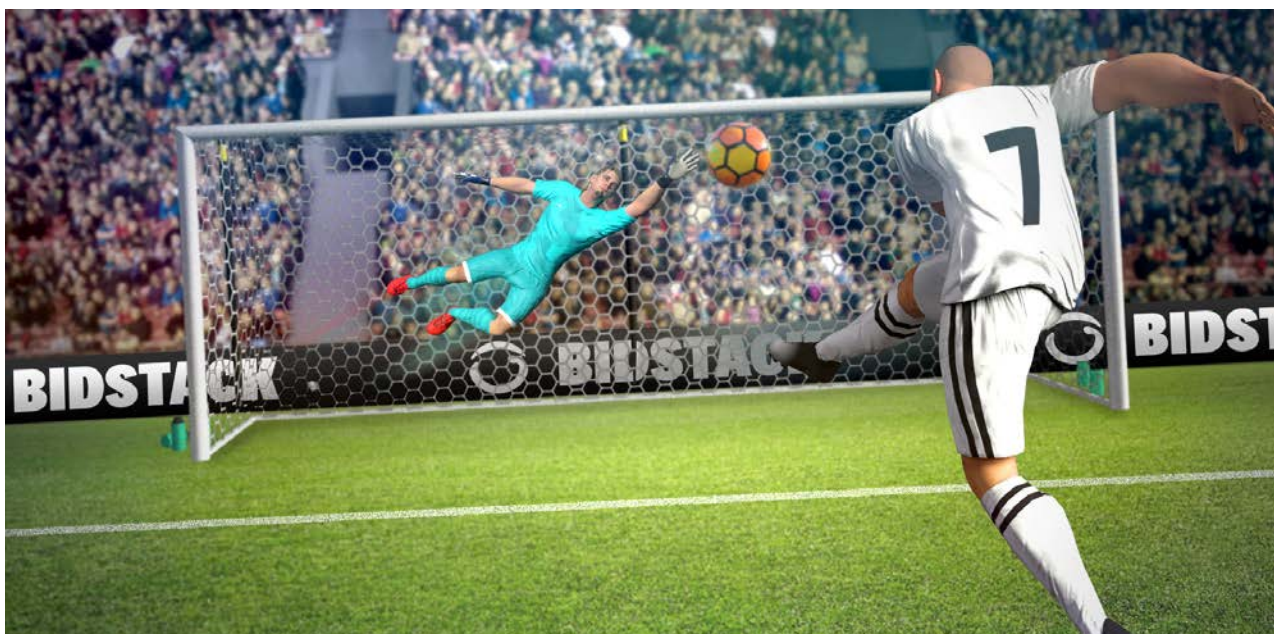
In 2022, Bidstack's publisher portfolio grew rapidly to over 250 titles compared to 58 titles in the prior year.

This has been driven by the robust uptake from premium developers for intrinsic in-game and also the expansion of ad formats to rewarded video and in-menu. The acceleration of onboarding reflects cross-selling opportunities across ad formats, organic growth within publishers and introduction of new applications.

Bidstack's product suite has evolved to provide a comprehensive solution for game developers and publishers to monetise entire portfolios rather than just a single title. This is creating diversified gaming genres and audiences to support Bidstack's revenue strategy.

The growing network includes the addition of two further titles with a AAA game publisher and a multi-year renewal with Sports Interactive's Football Manager which highlights the stickiness of Bidstack's relationships.

Bidstack became a Unity Verified Solution during the year and a recommended monetisation solution for game developers. Unity is a leading game engine for creating and operating interactive real-time content. Access to Bidstack's SDK is democratised and available to empower developers.



Bridging the Authenticity Gap Between Virtual and Real-World Football Experiences

Extending brand footprints into virtual worlds.

Overview

In 2017, Bidstack pivoted from Out Of Home advertising into gaming - pioneering programmatic advertising in virtual environments in the process. Bidstack’s first gaming partnership was with the iconic Football Manager franchise, and this integration saw the world’s first programmatic in-game ad delivered into a PC game.

The partnership with Sports Interactive acted as a proof of concept for intrinsic in-game advertising as a new channel, and since that initial launch, Bidstack has extended its relationship with Sports Interactive on two occasions cementing its reputation as a trusted partner for the world’s most respected gaming studios.

Sports Interactive, a wholly-owned subsidiary of SEGA, is the world’s leading developer of sports management simulation games. Founded in 1994 and based in Stratford, London, it has more than 250 full-time staff and approximately 1,300 researchers. The studio has enjoyed both critical and commercial success, having won a number of awards, including two BAFTAs, with titles selling over a million copies annually across platforms such as Steam, Microsoft Game Pass and the App Store.

Publisher	Sports Interactive
Games	Football Manager 2023
Platforms	Steam, Epic Games Store, Xbox PC Games Pass
Category	Sports
Inventory	Pitchside Billboards (Animated)



About Football Manager

Football Manager allows players to immerse themselves in the world of football by stepping into the shoes of a manager where the fate of their chosen club rests solely in their hands. The critically acclaimed series has been praised for its immersive experience and the way it takes players closer to the experience of management than ever before.

The title, which is available across PC, Console and Mobile platforms, announced a roster of new global partnerships in 2023 which included teams such as Manchester City and Juventus, and notably, UEFA - enabling players to compete within the most prestigious European club football competitions for the first time.

The 2023 edition of Football Manager has been played by more than 4m players globally to date, who have played for record session lengths whilst millions of players have continued to enjoy older editions of the game across different formats.

The Matchday Experience

Launching with an all-new graphics engine, the 2023 iteration of Football Manager set out to deliver a virtual matchday experience like no other. Recreating real-world environments with immense detail, the title redefines the fan experience, empowering audiences to recreate moments historically they could only follow.

Sports Interactive works tirelessly to bridge the authenticity gap between virtual and real-world football experiences, and this is often achieved by enhancing subtle details within gameplay that audiences associate with the matchday experience. The presence of advertising within sports stadium environments remains a core part of wider sporting identity, be it within the venue signage, team kits or liveries – the presence of brands has become a core pillar within sports culture.

Sports Interactive utilises Bidstack's in-game advertising SDK to seamlessly deliver targeted ad placements into stadium environments through highly visible and contextually relevant animated pitchside billboards. The partnership enables the presence of globally recognisable brands, establishing new commercial opportunities for Sports Interactive whilst subsequently enhancing the gameplay realism.

"The key thing for us in the studio is that the advertising is as realistic or as virtuous as it can possibly be within the game. Imagine if you are in a stadium or watching a game on tv - we want the brands to be as relatable to football or as realistic as possible so that the experience the player has is exactly the same as watching a game live or on tv.

Underpinning all of that is the tech. That allows the game to run normally, for advertising to be geo-targeted and it ensures there are no dropouts in performance throughout the experience."

Richard Trafford

Head of Partnerships & Business Development at Sports Interactive

Shifting Revenue Streams

Sports Interactive utilises Bidstack's in-game advertising technology to deliver a best-in-class gameplay experience for its global fanbase by establishing a sustainable and continuous approach to monetisation.

By delivering branded content into gameplay, Sports Interactive are able to mirror traditional revenue models of real-world sports franchises and rights holders, establishing key commercial partnerships that generate complementary revenue streams.



With brands willing to invest significantly in return for access to engaged and influential audiences, Sports Interactive utilise their medium in partnership with Bidstack's proprietary technology to deliver diverse global consumer audiences at scale in a brand-safe and highly attentive environment.

"In-game advertising, while an important commercial tool, has been specifically implemented in Football Manager in a way that supports the game experience for our players. By using pitchside LEDs, the ads that the Bidstack tech serves look just as they do in real-world football matches, preserving the 'suspension of disbelief' and tying our in-game experiences to real-world campaigns and sponsors.

For advertisers who are looking for passionate football fans for their campaigns, our realistic in-game experience can complement live activities by timing, leagues or countries across 17 languages."

[Matt Carroll](#)

COO of Sports Interactive

Highlights

Bidstack continue to work in partnership with Sports Interactive to innovate and push the boundaries of what is possible in virtual sporting environments, together they have achieved the following highlights:

Increased revenue generated by intrinsic in-game ads by more than 27x since 2019.

Delivered the world's first programmatic in-game advertising campaign into a PC game.

Extended the partnership on two occasions, endorsing Bidstack as their preferred partner despite increased competition from other in-game advertising vendors.

Generated consistent brand activations from Fortune-500 blue chip brands.

Introduced a player-first monetisation approach to Sports Interactive's flagship game.

Ensured no drop in game performance, protecting the player experience.

Unlocked market-leading attention metrics against industry benchmarks, making Football Manager a desirable place for brands to reach gamers.



“We know the huge value that brands place on reaching sports fans through traditional real-world commercial partnerships. With Football Manager, we’re able to help these brands as well as the rights holders themselves talk to millions of the most dedicated, hard-to-reach football fans with dynamic, relevant and engaging messaging.”

[Lewis Buck](#)

Sport Partnerships Manager at Bidstack

Bidstack and Inlogic Games

Enhancing Realism and Unlocking New Revenue Through In-Game Advertising

Overview

Bidstack first teamed up with Inlogic Games on the popular mobile game Soccer Cup in 2020.

After a simple integration, Bidstack began serving ads into gameplay that became a seamless part of the player experience. These ads (from premium advertisers) were delivered onto pitchside LED billboards, replicating a real-world stadium feel for players and adding to the authenticity of the game.

Building on the success of this integration, Bidstack partnered with Inlogic for a second time in July 2021 on another sporting title, Tennis World Open.

Three years on from the initial integration, Bidstack has now delivered a multitude of international campaigns from brands such as KFC, Samsung, Warner Brothers, Skoda and many others across the two games - enhancing the realism of gameplay and creating a new, sustainable revenue stream for Inlogic Games.

Publisher	Inlogic Games
Games	Soccer Cup & Tennis World Open
Platforms	Mobile (iOS and Android)
Category	Sports
Inventory	Pitchside & Courtside Billboards



About Inlogic Games

Inlogic Games is a Slovakian game studio that specialises in the development of free-to-play mobile games. Their team has worked on more than 300 titles and has extensive experience. They create games for a diverse range of sports, hobbies, and interests.

The first title Bidstack integrated from Inlogic was Soccer Cup (also known as Football Cup), which has been downloaded more than 100m times. The game has been praised for its entertaining gameplay, realistic game mechanics and graphical quality. Bidstack's SDK is integrated into the title to allow for dynamic ads to be delivered onto the pitchside LED boards that are in view around the action as each game unfolds.

The second title Bidstack integrated with Inlogic was Tennis World Open, which features 26 pro tennis athletes from around the world. The 3D tennis title is available on Android and iOS and has been downloaded more than 20m times. Bidstack's technology is utilised in-game to deliver intrinsic ads programmatically onto courtside banners - reflecting real-life tennis environments.



Unlocking New Revenue

Inlogic utilised Bidstack's in-game advertising technology to bridge the gap between real and virtual-world sporting environments, enhancing gameplay realism and delivering a best-in-class user experience for its global player base.

The partnership enables Inlogic to utilise premium intrinsic in-game advertising placements within Soccer Cup and Tennis World Open, establishing new commercial and sponsorship opportunities by utilising otherwise vacant virtual spaces within gameplay. This provides the studio with an ongoing, complementary revenue stream that doesn't compromise the audience's experience.

Retaining a Global Community

The partnership sees premium blue-chip brands seamlessly blended into virtual stadium environments, delivering contextually relevant messaging to highly engaged audiences.

The non-intrusive placements appear on both pitchside and courtside hoardings, weaving the presence of branded messaging into environments where audiences have come to expect them. Inlogic further utilises these solutions to cross-promote other titles within its continuously growing catalogue of games, enabling the studio to engage and retain its vast international community of players.



Easy Integration

Bidstack's lightweight and versatile SDK enables the seamless integration of branded content into Inlogic's titles with no impact on gameplay and minimal resource requirements. The toolkit is a Unity Verified Solution, having been rigorously tested and verified by Unity engineers to ensure the technology maintains the highest technical quality and compatibility standards for Inlogic and other leading developers.

The integration process saw Bidstack consult directly with Inlogic to optimise the IAB standard advertising placements within both titles, ensuring an optimal balance between maximising revenue opportunities and protecting the art of the gameplay itself. The integration saw Bidstack's proprietary self-serve AdConsole platform also utilised by Inlogic to monitor campaign success in real time, enabling the studio to maintain control of the brands and placements that appear within their games.

Outcomes

The partnership between Bidstack and Inlogic continues to grow and evolve, and since the initial integration, they have achieved the following highlights:

An increase of 7.9% in overall revenue across both games (including 10.5% of the overall revenues in Tennis World Open).

Consistent brand activations from Fortune-500 blue chip brands.

Inlogic's titles outperformed Lumen benchmarks for viewability, time in view and attention compared to display advertising norms, making them an appealing home for brands.

Bidstack's seamless intrinsic In-Game advertising format has enabled Inlogic to introduce a sustainable and audience-conscious approach to their monetisation mix.

"Our partnership with Bidstack has been a great one for us, as it allowed us to enhance our player's experience through immersive advertising that feels authentic to our game's world. It is always exciting to see what new brand collaborations their team has to offer us".

[Jan Kalafut](#)

CEO of Inlogic Games



"We're delighted to see our partnership with Inlogic Games go from strength to strength and evolve over the years. Our partnership is a prime example of how intrinsic in-game advertising and our technology can bridge the gap between virtual and real-world sporting experiences, creating a best-in-class user experience that engages a global community of players".

[Antoine Jullemier](#)
VP Gaming Bidstack

Partnering with Powerhouses

Working with Global Advertisers

In 2022, Bidstack continued to grow its roster of global advertisers and delivered campaigns in even more markets.

Bidstack services all key advertising categories such as entertainment, quick service restaurants, technology, consumer staples, autos, luxury, beauty, finance and retail. This highlights Bidstack's growing and diverse addressable audience that provides relevant and brand-safe environments.

Bidstack's in-house sales team in the US and UK are experienced in selling gaming inventory and have deep relationships with media agencies and major brands. Bidstack's reach is further amplified by a complementary network of resellers in non-core markets such as the Middle East, Europe, Asia Pacific, Latin America and Africa.

Why a Leading US Retail Grocer Decided It Was Time to Enter Gaming



Overview

In 2023, Bidstack collaborated with a leading US retail grocer to launch its first-ever in-game advertising campaign.

The campaign tapped into a new audience, which constituted 60% of the brand's target market as the primary food buyers for their households. Despite having no prior experience in reaching out to gamers, the grocer recognised the potential of this channel and sought Bidstack's expertise to test the waters.

With close to 3,000 stores spread across the US, the grocer aimed to gain insights into how engaging their target audience through gaming would impact their shopping behaviours while also building awareness in a new channel. To ensure the gaming experience remained uninterrupted, Bidstack targeted players aged over 18 with a household income of over \$50k+ with in-game ads that formed a natural part of the playing experience.

The groundbreaking campaign ran across Bidstack's portfolio of games for a span of two months, with ads delivered across 47 carefully selected titles that aligned with the brand, reaching millions of gamers in the process. The campaign succeeded in delivering a significant boost to brand awareness and created positive brand perceptions for the grocer.



Campaign Objectives

The primary objective of the campaign was to increase brand awareness with a new audience as the retail grocer introduced their brand into gaming environments.

They had already identified that 33% of US gamers shopped at their stores, and to successfully engage this audience, they focused on capturing user attention in an effort to increase brand awareness, recall and consideration.

Their impactful in-game creatives were designed to fit in seamlessly with gameplay, complementing the end-user experience and strengthening both the brand's perception and favourability amongst gamers and grocery shoppers with the aim of achieving further market penetration.

Campaign ROI was measured through independent research from attention experts Lumen, who provided a scientific and unbiased analysis of how audiences engaged with content across various gaming environments. This research offered deeper insights into the impact of the campaign on audience attention, benchmarking campaign performance against other ad formats.

Secondary campaign objectives focused on brand outcomes in terms of brand suitability for gaming environments and purchase intent following exposure to the in-game creatives.



Campaign Strategy

60% of gamers in the US are the main food shoppers in their household, and 33% already frequently shopped with the retail grocer that ran this campaign. While 33% of main household food shoppers in the US identify gaming as one of their favourite hobbies and 30% play on a games console for at least 1 hour a day.

Statistics like these highlight why the leading retail grocer approached Bidstack to extend their brand reach beyond their traditional ad channels and into the virtual worlds of video games. To achieve their campaign objectives, they ran a geo-targeted campaign across the US, which saw their branding feature across 47 games in the Bidstack network - this included titles from some of the world's most respected gaming studios, including EA, Nordeus, Miniclip, Fingersoft and Sports Interactive.

The preferred format for the campaign was intrinsic in-game ad placements which allowed the brand to blend in seamlessly with gameplay without disrupting the player experience. The plan was to deliver these intrinsic in-game ads across Bidstack's network including a renowned sporting title which is hugely popular in the US. This additional activation would give the retail grocer a 100% share of voice in a highly respected game and ensure player engagement.

The campaign aligned with other marketing activities from the grocer, and they worked with Bidstack to optimise their in-game creatives to deliver the best possible brand outcomes. Bidstack also worked strategically with the brand to ensure that the in-game creatives were delivered into brand-safe environments that aligned with the retail grocer's company values.

Campaign Highlights

The retail grocer was hugely successful in increasing brand awareness in a new channel and engaging their target audience. The campaign ran across 47 different games in brand-safe environments - delivering both brand awareness and tangible performance metrics.

Key campaign highlights include (study findings from Lumen Research)

The grocer's ads delivered more than 77.8m impressions to more than 8.7m unique players across the 2-month campaign.

More than 12.4m unique sessions featured the retail grocer's brand in their popular US sporting title, meaning that an average daily user spent around 7 minutes per day with their ads.

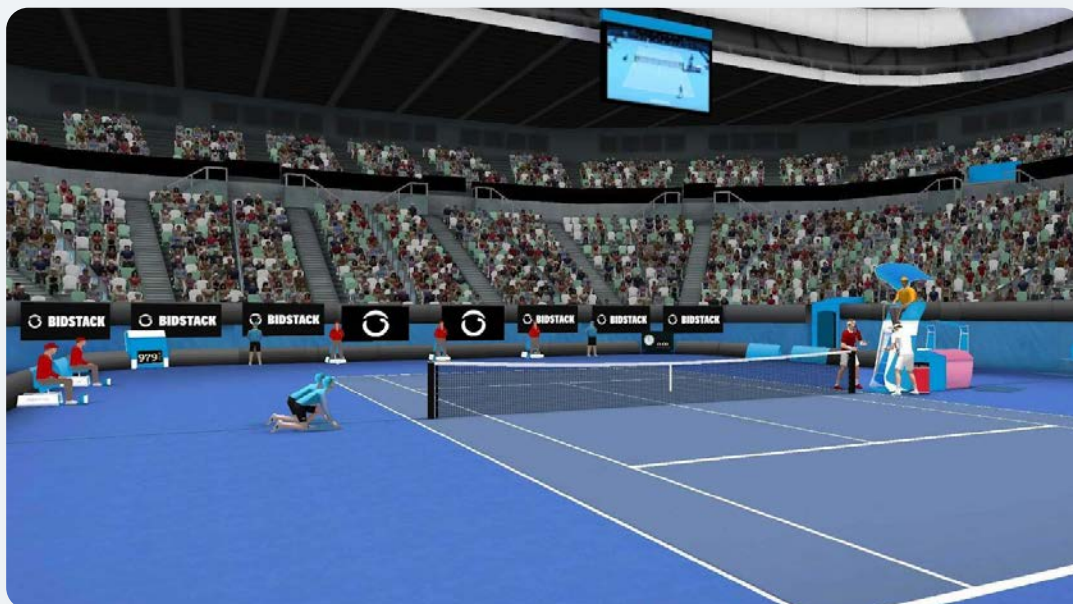
97% of the ads measured in Lumen's study were physically seen by the audience, almost double the standard mobile benchmark.

The ads were viewed on average for 16.4 seconds, 12.6x the mobile norm.

For every 1000 impressions, the in-game ad would generate an average of 15,908 attentive seconds, almost 21x the mobile norm.

93% of the audience exposed to the retail grocer's in-game advertising would consider purchasing from them in the future.

92% of the audience found the ads to be easy to read, and 89% perceived the retail grocer to be high quality.



"This campaign really stands out to me as a great example of how a brand can successfully and authentically get in the game. The retail grocer had successfully identified that they could be reaching their target audience in-game when they got in touch with Bidstack, but they were unsure of how to approach their first foray into a new channel.

We were delighted to work alongside them to craft this innovative campaign which allowed them to meet their target audience in brand-safe environments, at scale, and crucially in a way that didn't intrude on their gaming experience.

The intrinsic in-game activations we ran as part of this campaign were hugely successful in driving brand awareness, increasing purchase intent and captivating audience attention, which ultimately delivered excellent ROI for the client."

[Britany Scott](#)

VP of Brand Sales, East & Central at Bidstack

How Winamax Extended Their Brand Reach Beyond The Traditional Matchday Window

Winamax is an online **poker and sports betting company** based in Paris.

Overview

Winamax is an online poker and sports betting company based in Paris. They are the leading poker site in France and introduced sports betting to their offering in 2014. In 2018, the company entered the Spanish market, where it continues to grow.

Winamax has long-standing associations with sport and, in particular, football - thanks to their sponsorships of a number of high-profile football clubs in France and Spain. Partnerships with the likes of Strasbourg, Lens, Lille, Reims and Troyes in France and, more recently, Granada in Spain have made the Winamax brand synonymous with football.

Despite the clear associations with football in the real world, Winamax wanted to extend their brand footprint into the virtual stadiums of Football Manager and engage their target audience with localised messaging designed to build brand awareness and capture attention - without intruding on their gaming experience.

The innovative partnership saw Winamax run campaigns across two markets whilst utilising Bidstack's age-gating technology to ensure that the messaging was delivered responsibly and in compliance with industry standards.



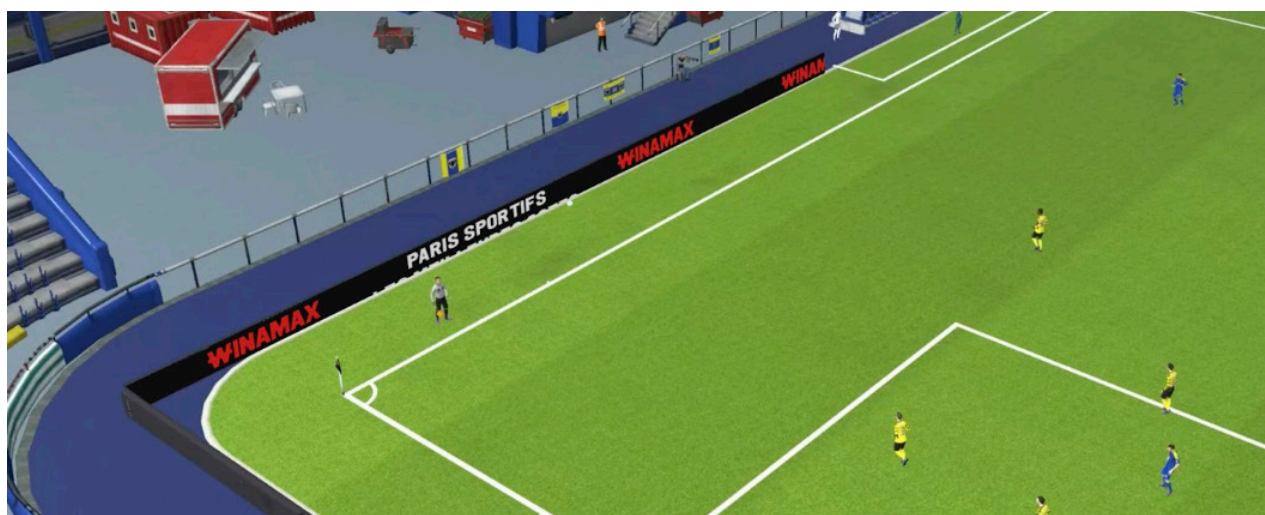
Campaign Objectives

With their associations to football already well established, Winamax set out to extend their reach beyond real-world stadiums and into new channels with an 'always-on' campaign that extended beyond the traditional matchday window.

The campaign, which ran localised messaging for the Spanish and French markets in the iconic Football Manager series, utilised Bidstack's exclusive access to the gaming inventory and their ability to age-gate advertising to ensure that the messages were delivered to the correct audience in a way that wouldn't be possible with a real-world activation.

Winamax set out to build brand awareness amongst their target audience in a way that complemented the playing experience - with advertising delivered onto pitchside LED billboards. They wanted to build their brand equity through ads that were designed to capture attention and help to drive positive perceptions around their market-leading sports betting odds.

To measure this successfully, Bidstack enlisted the help of Lumen Research, who undertook an attention study, utilising eye-tracking technology to build a better understanding of how the ads performed when benchmarked against other channels.



Campaign Strategy

Winamax identified gamers, particularly data-driven football fans, as the ideal audience to reach in-game.

Statistics from Global Web Index show that 39% of football fans love playing video games and that 29% of French gamers enjoy gambling as a hobby (55% higher than the general population) - while in Spain, this applies to 27% of gamers (70% higher than the general population).

With gaming identified as the ideal route to reach their intended audience, Winamax began identifying appropriate games to run their campaign across. In Football Manager, they found an ideal place to share their “best sports betting odds” message and thanks to Bidstack’s age-gating technology, they were able to deliver this message with confidence.

Only gamers aged 18+ were able to view the in-game ads that were delivered onto LED pitchside hoardings as the action unfolded around them. Delivering ads in this way enhanced the realism of gameplay, offering gamers the kind of experience they would expect to see in stadiums at live sporting events or through a televised broadcast.

Campaign Highlights

Winamax succeeded in extending its brand reach beyond the traditional matchday window, engaging a highly-attentive audience across two of its key markets.

Key campaign highlights include (study findings from Lumen Research):

Winamax's ads were delivered to more than 69k unique players who played, on average, 3+ sessions per day.

Ads were seen by 89% of the audience, 1.7x display norm.

Average dwell time was 2.1 seconds, 1.6x the display norm.

43% of the audience engaged with the ad for 2.1 seconds, outperforming the display norm of 11%).

40% of players spontaneously recalled seeing the Winamax ad, with no misattribution to competitor brands.

When prompted, 62% of players recalled the Winamax in-game branding.

79% of players felt the Winamax ad was suitable for Football Manager.

76% felt Winamax is a good quality brand.

No One Gets You Closer To The Game

Bidstack x SPORTFIVE

Executive Summary

OneFootball is a leading football media platform connecting international fans to real-time scores, analysis and in-depth insights. With over 100 million monthly users, the app delivers consistent original content with no subscription - reinventing how audiences consume football content and transforming the relationship between fans and the clubs they support. Working in partnership with over 135 clubs, leagues, federations and players - the platform enables a new generation of fan engagement, connecting audiences to highly relevant and personalised football content.

In the Summer of 2022, OneFootball launched a cross-channel media campaign called “No One Gets You Closer To The Game”, which ran internationally and set out to reinforce the brand’s historical success as the destination of choice for football fans seeking exclusive sports content and broadcast coverage of live football fixtures.

The campaign was designed and delivered in partnership with SPORTFIVE, a leading global sports marketing agency specialising in ground-breaking first-to-market campaigns. Operating across more than 50 international offices, the SPORTFIVE team utilises the medium of sport to unite passionate fan audiences with pioneering brands, rights holders, and premium entertainment outlets. SPORTFIVE executes on perimeter advertising for many top football clubs across Europe, and further extend their work in esports and gaming by utilising Bidstack’s in-game advertising formats to take that reach into several virtual football stadiums.

The campaign launched with an emotive fan-driven cinematic trailer, highlighting the significant role of technology and apps in bringing fans closer to the game. With Bidstack, OneFootball sought to accelerate this message into new and innovative channels. SPORTFIVE identified gaming as a unique opportunity to extend its reach with typically hard-to-engage Gen Z fans.



Working in partnership with Bidstack and SPORTFIVE, OneFootball utilised virtual stadium environments within fan-favourite football gaming titles as a medium to communicate directly with diverse global audiences. The brand's messaging and identity were seamlessly blended into gameplay within leading gaming franchises, including Football Manager 2022, Top Eleven, Soccer Cup and Soccer Stars.

Campaign Objectives

OneFootball set out to extend its reach with Gen Z users across new and innovative ad channels. They wanted to increase brand awareness and drive app downloads in some of their key markets, including the United Kingdom, France, Spain, Germany, Italy and Brazil.

The campaign sought to deliver localised messaging across six languages in each market, ensuring the content remained accessible and relevant. OneFootball set out to engage 'untameable' football fans, reaching 16-20-year-olds across both male and female audiences.

53% of OneFootball's target audience expressed an active interest in gaming, with 43% regularly playing sports-focused gaming titles. With global audiences engaging with video games and related content, on average, three times a day, the medium presented an opportunity to communicate directly and frequently with audiences where they actively choose to spend their time.



As broader entertainment consumption trends have shifted, gaming has continued to experience growth. Consumption amongst Gen Z audiences has increased by around 38% since the pandemic. In contrast to this, mediums such as social media (-21%), television (-7%) and cinema (-11%) have each continued to experience a decline in popularity amongst OneFootball's target audience.

With this in mind, OneFootball used in-game advertising to complement its broader campaign strategy, delivering highly viewable and engaging creatives in environments that would capture the audience's full attention.

Campaign Strategy

OneFootball utilised Bidstack's sophisticated technology to seamlessly deliver localised campaign creatives into leading football titles across various platforms and devices. The partnership ensured that OneFootball remained at the forefront of the player experience, complementing gameplay by delivering placements in environments where audiences have come to expect the presence of advertising.

With the support of Bidstack, OneFootball were able to identify gaming titles that delivered the most relevant audience demographics to achieve the campaign's objectives. Through Bidstack's exclusive partnerships with leading games publishers, including Sports Interactive, Nordeus, Miniclip, and Inlogic Games, they were able to connect with audiences at scale in premium and brand-safe environment.



Their campaign creatives were optimised for gaming environments, primarily appearing in the form of animated pitchside banners and utilising advanced geo-targeting and age-gating solutions to ensure that they were delivered in the local language to their clearly defined target audience. Each creative sported OneFootball's striking colour palette, with the call to action 'One App, All the Football. Download Now.' Focusing on visible branding and a simple call to action ensured that the message was easily digestible, increasing brand awareness and recall amongst audiences whilst simultaneously encouraging a significant uptake in downloads for the app within the target regions.

By activating in-game, OneFootball were able to deliver an 'always on' campaign that engaged fans outside of the typical matchday windows associated with football. By utilising virtual stadiums, the campaign offered unrivalled levels of attention among football fan communities while maintaining a strong association with the sport.

"Weaving the OneFootball brand into premium gaming environments presented a unique opportunity to provide our audience with an experience that mirrors the emotions and reward of the traditional matchday.

Utilising Bidstack's portfolio of leading gaming titles, we set out to extend our flagship cross-channel campaign into a new medium, communicating directly with hard-to-reach Gen Z consumers on an entertainment format they actively choose to engage with."

[Leonie Fabisch](#)

Director of Gaming at SPORTFIVE

Campaign Highlights

OneFootball successfully extended its brand footprint into new environments, delivering an industry-first campaign that engaged global audiences at scale with highly targeted and localised messaging across six key markets.

OneFootball's ads were delivered to more than 324k unique players, with over 10 million total impressions viewed by players during their gaming sessions.

The ads were viewed for more than 88m seconds (equivalent to 1,026 days of gameplay).

Their in-game creatives remained in view for 8x longer than typical IAB standards.

The campaign was delivered into Football Manager, an environment known for capturing high levels of attention. The Football Manager ads were seen by 88% of audiences, 1.7x the desktop display norm.

They delivered an average of 1.95 seconds of viewing time, 1.5x the desktop norm.

Their in-game ads were equivalent to 1,710 attentive seconds per 1000 impressions, 2.4x the desktop norm.



Lumen

Attention-first Advertising Powered By Predictive Eye-Tracking

Lumen specialises in measuring and predicting visual advertising engagement by using eye-tracking technology.

Lumen's methodology powers Bidstack's advertisers with attention and brand outcomes measurement across immersive environments.

Looking ahead, Bidstack intends to continue working closely with Lumen to pioneer and validate measurement in gaming. The combination of multiple formats should yield compelling results which will accelerate the growth of the market and spend from advertisers.

Throughout 2022, Bidstack has deepened the relationship with Lumen Research, running 21 studies across a wide range of brand categories, game genres, and countries which reflects the growing reach and scope of intrinsic in-game advertising.

"Gaming is evolving rapidly and extremely exciting. It calls for meaningful measurement to ensure that attention is always linked to outcomes such as engagement, brand lift, sales and creative performance.

Lumen's attention technology, expertise and vision has helped define gaming for advertisers. The growth of our relationship with Bidstack, highlights the interest from advertisers to invest behind this compelling media channel. We look forward to working together to continue to grow the market."

Tanwa Edu

CSO at Lumen Research



Brand categories include

Tech, Entertainment,
Beauty, Betting, Retail,
Financial Services

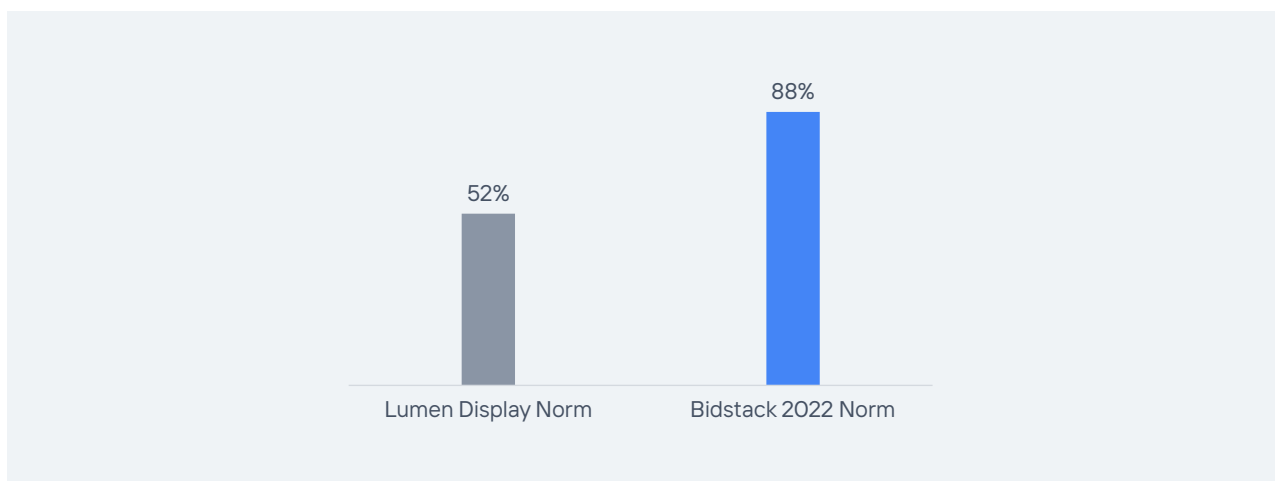
Games include

Football Manager, Tennis
World Open, DiRT Rally 2.0,
Soccer Cup

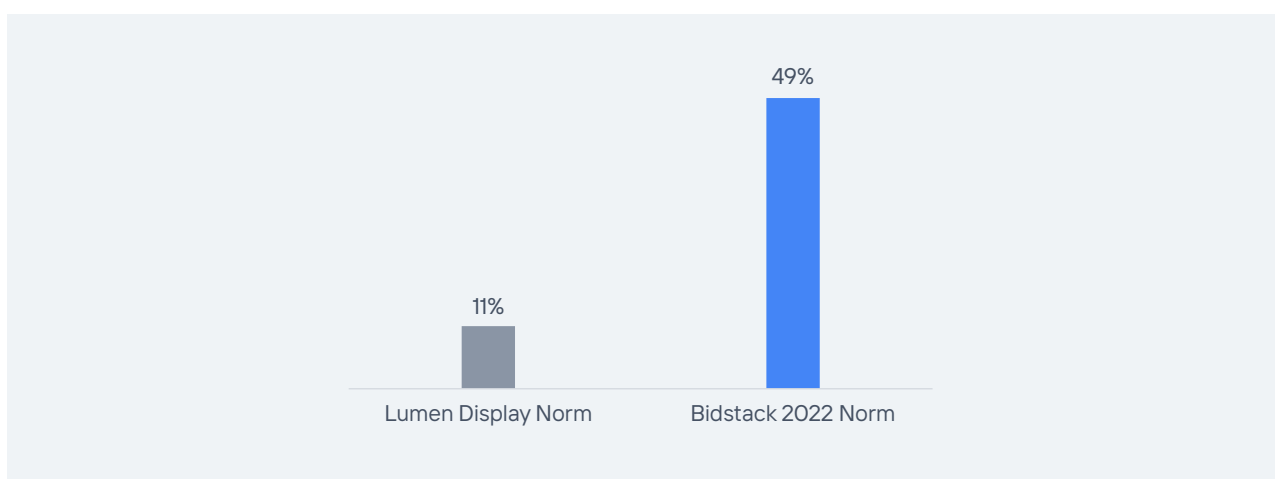
Countries include

UK, US, Italy, Spain,
Germany, Brazil, Poland,
Portugal, Sweden

% Viewed



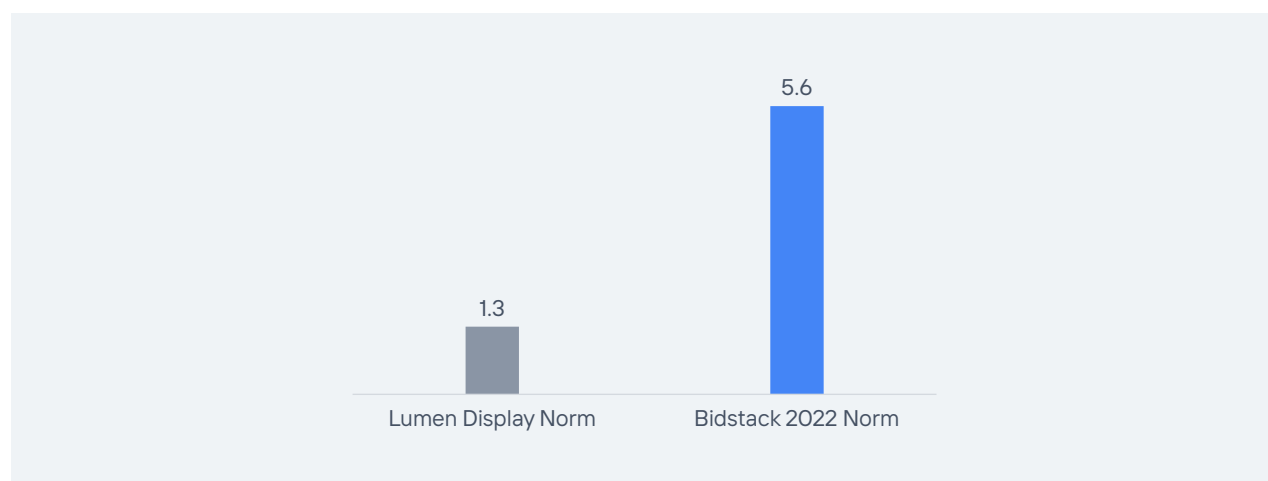
% Still Viewing At 2 Seconds



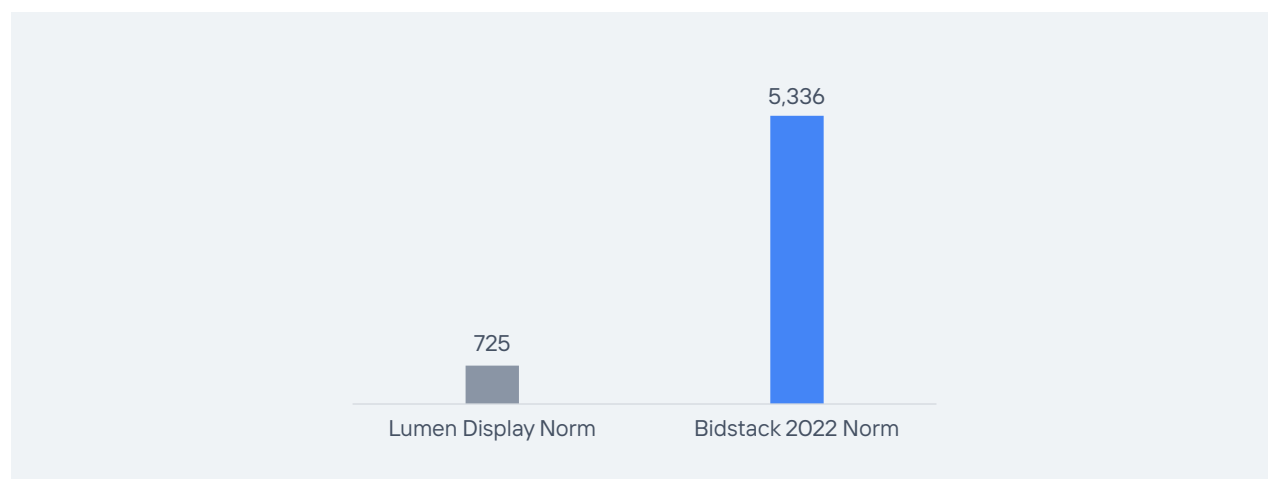
An Environment Built To Hold Attention

On average Bidstack ads were seen by 88% of study participants, greatly outperforming Lumen's display norm of 52%. The ad boards were engaging and managed to consistently keep hold of respondents' attention for longer, this level of engagement is significantly higher than Lumen's display norm.

Average Dwell Time (seconds)



Attention Per 1000 Impressions (seconds)



Significant Uplifts in Brand Recall and Purchase Intent

Bidstack's average viewed time of 5.6 seconds also significantly outperforms the display norm. This leads Lumen to predict Bidstack ads to generate an average of 5,336 seconds of attention per 1,000 impressions delivered, this being 7.4 times greater than the display norm.

Lumen highlights 2 seconds as a key attention threshold for greater brand recall.

Bidstack's ads greatly exceeded this and subsequently, saw over 30% recalling the brand spontaneously and nearly half recalling once prompted, fuelling sales impact.

Bidstack 2022 norm:

31%

Spontaneous brand recall

49%

Prompted brand recall

69%

Purchase intent

Of those exposed to the advertising 75% then indicated that they had a positive opinion towards the brand and over half said they thought it was better than its competition. Nearly 70% of respondents attributed the ad to a trustworthy company and over 60% found the ad to be suitable for the game's environment. The majority agreement with the ad and brand perception statements further proves that in-game ad formats are aligned to positive user experiences that Bidstack offers, resulting in positive brand outcomes.

Not only do Bidstack's campaigns outperform display norms, but we also witnessed improvements from our performance in 2021.

Through conducting studies with Lumen, a trusted third-party partner, Bidstack is able to better inform future campaigns and guide advertisers through the process, as well as improve ad placement suggestions for incoming publishing partners to ensure all parties get the most out of our partnership.

"Cultivating meaningful relationships with trusted partners such as Lumen is a crucial component in our continued success in the in-game advertising space. Lumen's cutting-edge technology and expertise provide us with invaluable insights into the effectiveness of our in-game ads, helping us to grow confidence and budgets among our clients and increase rebookings. The feedback loop created by our partnership allows us to continually refine and optimise our ad campaigns for maximum impact, while also providing clients with the transparency and accountability they demand.

2022 saw us continue to grow our scope of testing, using a variety of games and ad formats. Building out and evaluating our ad formats allows us to create a more diverse and engaging advertising ecosystem within games. This not only enhances the user experience but also enables us to deliver better results for our clients while also providing significant value to our publisher partners, ultimately driving sustained growth for Bidstack."

[Isabella Boyadjian](#)

Business Insights Analyst at Bidstack

Bidstack Introduces A New Sports Division

"We are incredibly proud to celebrate the launch of our new business unit and dedicated technology licensing division"

A Letter From Alex Nunez

We're incredibly proud to celebrate the launch of our new business unit and dedicated technology licensing division, Bidstack Sports. Launching in January 2023, Bidstack Sports has begun revolutionising the traditional sports models for fan engagement, sponsorship revenues, and media valuations by enabling professional sports rights holders the control to commercialise their virtual stadiums in parallel with their real-world assets. The launch of Bidstack Sports represents a step change for the multi-billion-dollar traditional sports industry to scale to uncharted heights, generating diverse, differentiating, and passive licensing revenues for the business and our partners.



Alex Nunez, SVP Bidstack Sports

Bidstack Sports is led by EA SPORTS veteran and former head of commercial partnerships for Madden NFL, Alex Nunez, who partnered with Pizza Hut to create the world's first virtual stadium rights deal inside Madden NFL 20.

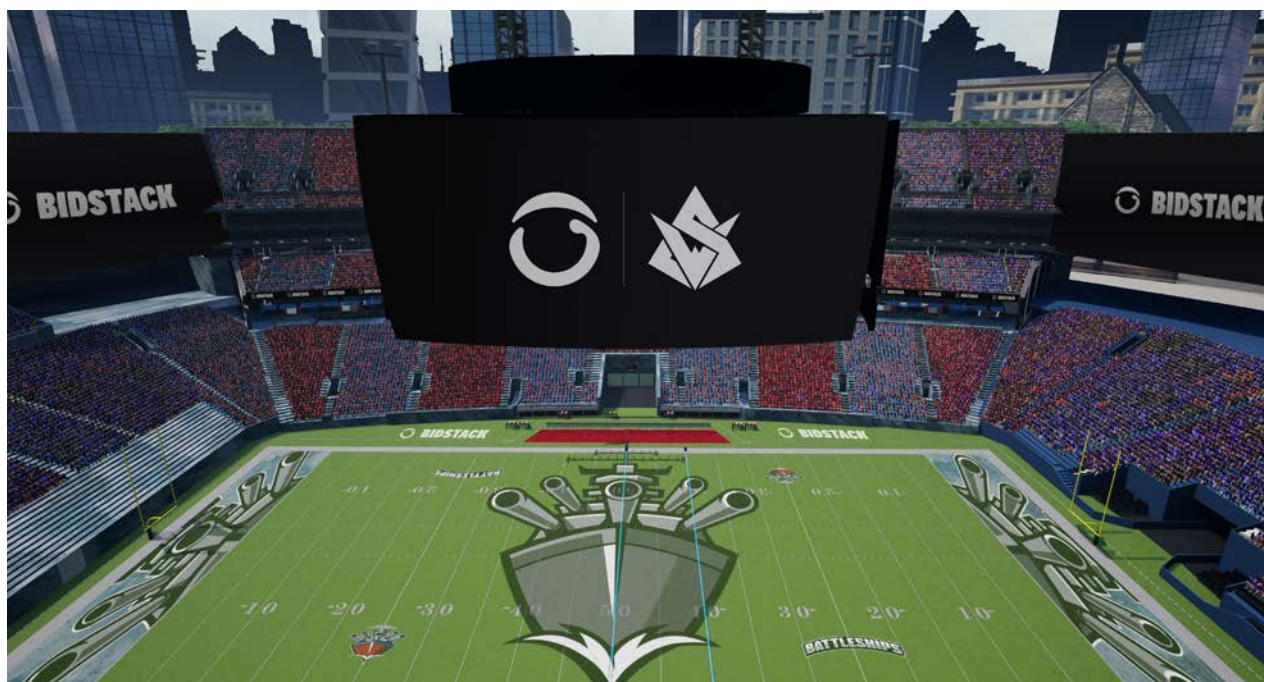


Market Landscape & Opportunity Gap

Each year, sports simulation gaming brings fans closer to the real-world experience – from gameplay animations and athlete likenesses to the environmental and atmospheric detail of the most iconic venues in global sports. However, whilst the visual representations of sports simulation games are blurring the line with real-world experiences, there remains a glaring commercial gap in sponsorship revenues.

Professional sports are a core pillar of global entertainment and culture, generating revenues annually of over \$55 Billion, of which approximately 33% are generated from sponsorship deals. Sports franchises have traditionally achieved commercial success by maximising sponsorship inventory and placing brands in front of fan audiences in access points that are perceived to offer high levels of exposure, providing a safe and familiar channel for brands to communicate with highly engaged audiences at scale.

However, until now, this multi-billion-dollar industry model has failed to take advantage of the continued rise in the popularity of digital entertainment. As sports simulations and gaming titles continue to evolve the broader fan experience, individual fans can now access and recreate experiences they could historically only follow. Unlike traditional sports, where fixtures are predefined to a limited schedule, gaming environments are



permanently accessible, enabling unprecedented consumption levels and subsequent exposure for branded inventory. Virtual stadiums, however, largely remain unmonetised, with developers opting to deliver generic, often fake, advertising placements into virtual environments in an attempt to enhance the realism of gameplay.

Through our technology, brands, publishers, and rights holders can now circumvent traditional limitations, delivering relevant messaging to highly targeted audiences at scale. Supported by full reporting and analytical solutions, the launch of Bidstack Sports reinforces our commitment to drive the next wave of sports industry growth through further converging real-world and virtual sporting experiences - delivering a next-generation approach to fan engagement.

Partnership Journey: SimWin Sports and NFL PRO ERA

Electronic Arts (EA) defined a new frontier for virtual sports sponsorship in 2019, signing the first-ever virtual stadium rights deals, extending its partnership with Pizza Hut directly into the Madden NFL franchise for the first time. The sponsorship added an all-new element of realism to an iconic sports simulation game title for its global fanbase whilst subsequently unlocking an all-new and sustainable revenue stream for the publisher.

Having been introduced to Bidstack in 2021, I saw the potential for the sports industry to accelerate this trend, utilising game-changing technology to further synchronise commercial and fan-engagement models, enabling real-world and virtual stadiums to operate in parallel. Bidstack Sports represents the full-circle design of that vision, and we're thrilled to shape these all-new industry tech solutions around our partnership with SimWin Sports and NFL PRO ERA.



SimWin is a first-of-its-kind virtual sports entertainment platform resembling every aspect of a professional sports architecture that will showcase the power, sophistication, and control of Bidstack technology across a diverse metaverse of sports properties and star-studded rights holders. This landmark partnership will see Bidstack's proprietary solutions underpin SimWin's stadium sponsorship and marketing ecosystem, enabling franchise owners to manage and monetise virtual environments through advanced audience targeting, native rendering, and data processing capabilities.

We're delighted to announce our next dedicated Bidstack Sports agreement with StatusPRO, creators of NFL PRO ERA, the first fully licensed NFL and NFLPA virtual reality (VR) simulation game. Through a combination of NFL game data and StatusPRO's athlete-led technology, NFL PRO ERA redefines the football video gaming experience for fans.

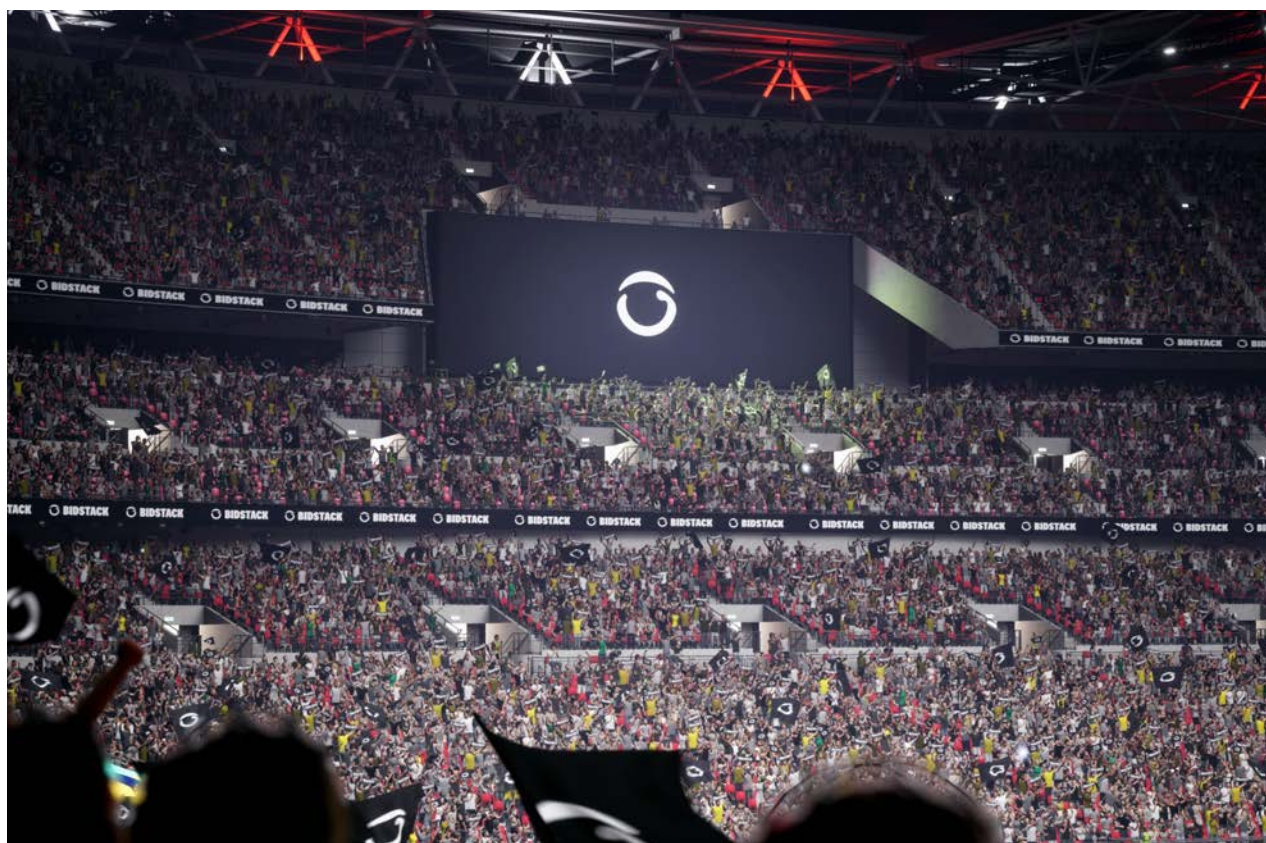
This partnership represents a significant breakthrough for the professional sports industry and the full vision of Bidstack Sports – for the first time in history, NFL clubs will be able to dynamically control their virtual stadiums in parallel with existing and future real-world



commercial partnerships. By making the solution available to all 32 NFL organisations, StatusPRO will further advance its authentic visual recreation of the on-field experience while unlocking the medium as a messaging vehicle for next-gen fan acquisition and ongoing engagement. This approach to direct communication will continue to intensify the relationships between right holders and their passionate fanbases.

By empowering teams to rapidly deliver personalised direct communication with fan audiences, franchises will unlock a new channel for cross-promotion, supporting wider business objectives and expanding their commercial presence for existing and future club partners within their immersive virtual stadiums and facilities.

Our partnerships with SimWin Sports and NFL PRO ERA showcase the immediate impact and standalone potential of Bidstack's technology to transform every vertical of sports gaming.



The Future of Sports Sponsorship

The launch of Bidstack Sports signifies a strategic evolution of our proprietary technology and an entirely new commercial frontier for the multi-billion-dollar sports sponsorship industry.

The all-new Bidstack Sports technology suite equips sports simulation publishers with a dedicated in-game content management platform that synchronises the commercial control of real-world and virtual sports sponsorship assets within virtual spaces. The tools will continue to enable publishers to monetise otherwise vacant virtual spaces whilst simultaneously protecting and authenticating the gameplay, ensuring that developers can further blend the experience between their art form and the real-world matchday.

Publishers have traditionally struggled to utilise this highly valuable space due to technology constraints, with custom integrations requiring significant planning and resource allocation to deliver and update branded activations. The content has historically been 'hard coded', meaning that content is only visible after manually downloaded updates are applied, which are typically scheduled months in advance. Bidstack's technology circumvents this, enabling rapid deployment to targeted audiences and empowering rights holders and brands to deliver content relevant to different global regions, languages or gameplay styles.

Bidstack Sports has the potential to underpin the next commercial frontier for the entire sports industry – transforming the volume and value of traditional sponsorship assets by extending their reach into currently untapped virtual worlds.

Investment Case

Why Invest in Bidstack?

Global Platform Expansion

Capitalise on the US, the world's largest advertising market with a proven and experienced commercial team. Clear pathway for global in-game ads monetisation. Pipeline of resellers and launch of open marketplace to scale ROW.

Publisher Penetration

Growing publisher network and addressable audience. Cross-selling of ad formats and services. PC and console opportunity to unlock.

IP Agnostic

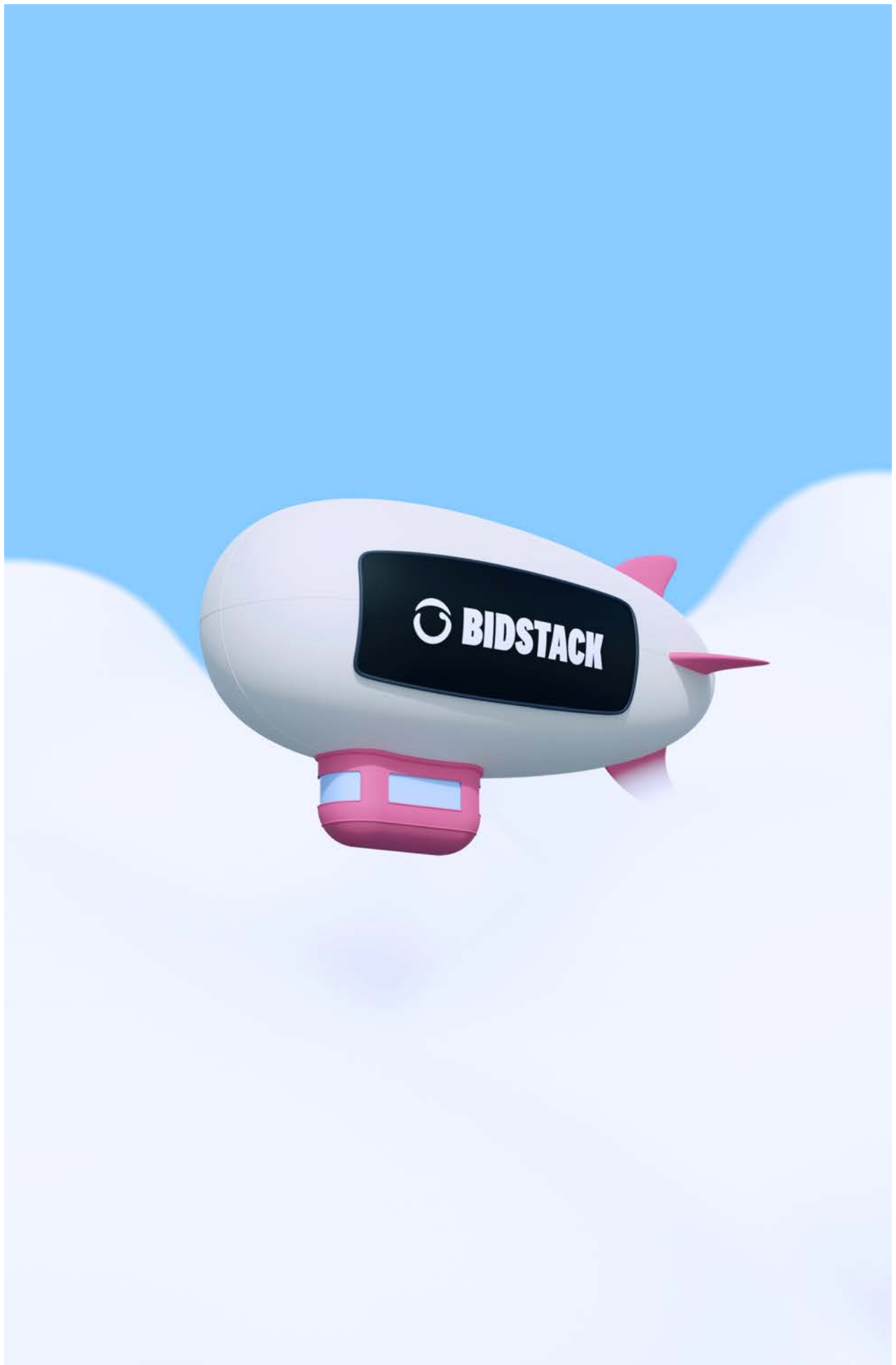
Publisher network is diverse across formats, genres, platforms and size. Exposure to gaming market tailwinds without IP risk. Diversified portfolio strategy.

Technology

Multiple use cases for publishers. Accretive licensing and white labelling opportunities. Tried and tested proprietary technology. Patents - 3 published and 1 granted.

Pathway To Profitability

Rapid revenue acceleration in 2023E. Operational leverage to drop through in 2024E. Open marketplace and licensing to provide recurring revenue.



Financial Overview

Key Financial Highlights of 2022

£5.3m	£3.7m	72%	(£7.7m)	£8.7m
Revenue +101%	Gross Profit +298%	Gross Margin +35%	Net Loss -22%	Net Cash Balance +21%

Overview

During 2022, Bidstack rapidly expanded across the following lead indicators and KPIs:

Portfolio of game publishers and developers to >250 that includes AAA titles and independent titles.

Growing offer of ad formats to three, leading with intrinsic in-game, in-menu and the most transacted gaming ad-unit rewarded video.

Rapid integration of US commercial team providing visibility on sales pipeline.

Entering new markets outside side of the US and UK through addition of resellers in the Middle East, India and Asia Pacific.

Progress from the pipeline of enterprise customers licensing Bidstack’s technology as a service.

These growth drivers set a solid foundation for diversification, cross-selling of product suite and scalability of revenue. The investment behind talent acquisition during the year will strengthen Bidstack’s moat and accelerate execution into 2023.

Trading and Outlook

In 2022, Bidstack delivered gross billings of £9.3m (inclusive of all revenues and minimum revenue guarantee) in line with its two-year commercial contract with Azerion, a pan-European digital entertainment and media platform. As a result of the net accounting treatment under IFRS 15, reported revenues for the year was £5.3m (+101%).

This has also driven the gross margin to rise significantly to 72% (FY21: 36.1%) that reflects the accounting treatment and cost of sales towards servicing the Azerion contract. Excluding this impact, the unaudited adjusted gross margin would be closer to c.40%.

By geography, the revenue mix was skewed to EMEA due to Azerion's sales footprint. The shortfall in the US was addressed in Q3 2022 where Bidstack invested behind a proven commercial team.

The US is significant and important as it is the world's largest advertising market. The integration of the team has been rapid given the depth of experience and relationships. This is evident in the delivery of campaigns for Fortune 500 brands, size of budgets and repeat business. Advertising agencies and programmatic platforms are leaning in and recognise the potential of in-game advertising.

Going forward, a global reseller network will be rolled out to smooth out seasonality, diversify geographies and leverage specialist gaming agencies as they multiply given the opportunity of the addressable market. This is a cost efficient approach in monetising non-core markets.

The headline operating expenses excluding share based payments was £11.3m (FY21: £8.3m). A provision has been raised to reflect amounts outstanding from Azerion which is a key item. Bidstack has taken appropriate legal advice and intends to claim damages for unlawful termination. Following a preliminary hearing in the District Court in Amsterdam, Azerion has provided Bidstack security in respect of the initial part of Bidstack's claims. Headcount was at 78 (FY21: 73) by the end of the year. The key areas of investment were related to the onboarding of the US commercial team in addition to product and software engineers to prepare for the implementation of the gaming open marketplace.

At year end, the cash balance held was £8.7m (FY21: £7.1m). This reflects the successful fundraise in October 2022 of £10.5m which included a significant investment by Irdeto B.V. a world leader in digital platform cybersecurity taking a 13.5% stake.

Company Information

Directors	J Draper G Calvert L Hau B Neider D Stewart D Reeves D Lowther C Franklin
Company Secretary	D A Garvey
Registered Number	04466195
Registered Office	WeWork the Hewett 3rd Floor, 14 Hewett Street London EC2A 3NP
Nominated Adviser	Spark Advisory Partners Limited 5 St John's Lane London EC1M 4BH
Broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
Independent Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Company Website	www.bidstackgroup.com

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Chairman's Statement

Introduction

This is my first statement since becoming Chairman of Bidstack in September 2022 and I would like to thank Donald Stewart, the outgoing Chair for all his hard work during his tenureship since the public listing in August 2018 and I am pleased that he remains a Non-Executive Director of Bidstack.

Looking back at 2022, it has been a year in which Bidstack has strengthened its position in many important areas as a leading platform in native in-game advertising activation technology. It has also been a year, where, coming into 2023, Bidstack has set itself up to become more strategic, more predictable in terms of earnings and profit and more in control of its commercial operations through direct sales to its clients and partners thus maximising global growth opportunities.

The 2022 financial numbers speak for themselves:

- Revenue up +101% to c.£5.3m* (FY21: £2.6m)
- Gross margin at c.72%** (FY21: 36%)
- Cash balance at 31 December 2022 up 21% at £8.7m (31 December 2021: £7.1m)
- Loss after tax £7.7m (31 December 2021: £6.3m)

(*Gross billings including all gross revenues and gross Azerion minimum revenue guarantee for FY22 were £9.3m (FY21: £2.6m), in line with our contractual arrangements.)

(** Gross margin arising as a result of the net accounting treatment of revenues and corresponding costs of sales towards servicing the Azerion contract in accordance with IFRS15. Excluding this treatment the Board believe that adjusted gross margin would be closer to 40%)

There are a considerable number of key highlights on which I will comment:

At a time when fundraising was generally very difficult in the industry:

- A successful placing, raising proceeds of £10.5m in October 2022, demonstrating the confidence of our existing investors. This included a significant first investment by Irdeto B.V., a world leader in video games protection and anti-piracy technology taking a 13.5% stake.

Making huge strides by:

- Growing the Bidstack global network of leading developers and publishers with over 250 titles (FY21: 58) across in-game, in-menu and rewarded video. This includes an addition of 2 further titles with a AAA global game publisher and a multi-year renewal with Sports Interactive's Football Manager.

Expanding, commercial activity in North America where a significant portion of Bidstack's potential business exists by:

- An increased focus on the US market. The commercial team in the US now comprises ten people.

At the same time, making significant inroads into all UK and European markets by:

- Educating and growing markets such as the UK, France, Netherlands, Spain, Germany, Nordics, Portugal and Belgium in advertising across Bidstack's extensive gaming inventory

Chairman's Statement (continued)

Expanding Bidstack's global reach by:

- The onboarding of additional resellers with MMP Worldwide (MENA), AdScholars (India), Totally Awesome (APAC), TNK Factory (South Korea) and Omega Media (Vietnam) and;

In the area of advancing technology and standardisation in the industry:

- By forming a partnership with Unity, a cross platform game engine as a Unity Verified Solution recommended monetisation solution for game developers across all platforms;
- By catalysing the Internet Advertising Bureau (IAB)/The Media Rating Council (MRC) to recognise standards for in game advertising. Advertisers now have clear benchmarks on how to measure campaign success;
- Acceleration of the adoption of Bidstack's SDK by developers and publishers as breadth of ad-formats in addition to in-game, in-menu now includes rewarded video, the most transacted ad unit in gaming;
- Early success with enterprise customers licensing Bidstack's technology such as mobile ad-tech company Adways and metaverse franchise SimWin; and
- This is the launch of our enterprise platform business and across 2023 we expect to announce multiple partnerships through our "low touch", high margin solution.

Operational challenges

The road in 2022 has not, however, been without obstacles on the way.

I will comment on the principal one.

The appointment of Azerion in 2021, as a global reseller of Bidstack's offerings, boosted Bidstack's sales capabilities in Europe but Azerion materially underperformed against mutual expectations in North America as well as across the rest of the world. Bidstack took immediate action to mitigate Azerion's shortfall by appointing its own experienced US sales team.

Azerion failed to remit properly invoiced sums due to Bidstack under the terms of the contract between the parties, resulting in Bidstack being awarded attachments (freezing injunctions) against Azerion in December 2022 and then defending Azerion's petition to have these removed in the Court of Amsterdam in January 2023. Following the judgement of the Dutch court in January, Azerion has provided Bidstack with bank guarantees for the amounts due to Bidstack under its initial claims. Azerion's purported termination of the contract on 30 December 2022 increased the quantum of Bidstack's claims materially. Following advice, the Board believes that, unfortunately, a court hearing on these claims is not likely to occur before Q4 2023.

Whilst this legal action is regrettable, it has meant that Bidstack now has far greater control over enabling the Company to become more agile globally.

With Bidstack's improving revenue visibility and a growing client list, the Board is confident in Bidstack's ability to operate independently of any Azerion relationship.

As previously stated, Bidstack intends to vigorously continue pursuing Azerion in respect of its claims for unpaid invoices and breaches of contract.

Chairman's Statement (continued)

Outlook, highlights for 2023 and beyond

As a Board we are excited by the future of the industry the Company has helped create, the use-cases for our technology. The management team, led by our Founder and Chief Executive James Draper, are focused on achieving our commercial and financial objectives.

Finally, thank you to our loyal and 'cornerstone' institutional and retail investors and our dedicated employees and partners for your support throughout 2022.

Dr David Reeves

Chairman of Bidstack PLC

19th June 2023

Strategic Report

Principal Activity

Bidstack is an advertising technology company which provides dynamic, targeted and automated in-game advertising for the global video games industry across multiple platforms. Its proprietary technology is capable of inserting brand placements and content into natural advertising space within video games. Bidstack currently offers three ad formats as follows: intrinsic in-game, in-menu and rewarded video.

Key Performance Indicators

The Group's KPI's provide a critical measure of the Group's revenue potential and are constantly evolving to reflect the Group's progressing business model.

The Board's focus for 2023 is the diversification of revenue across direct sales, open marketplace, resellers and licensing. This includes focus on the growth of the platform which can be measured by the number of publishers within the Bidstack network and the penetration through the cross selling of products such as ad formats and other use cases through licensing.

The Board anticipates to grow its global Software Development Kit (SDK) footprint to ensure that it can continue to service the growing demand for its premium inventory across Tier 1 markets, all genres and formats.

In addition, the Board expects to make material investment in 2023 to progress further use-cases for Bidstack's technology to create technology-only and software-as-a-service transactions that are expected to drive additional recurring revenue over and above the Group's advertising revenue.

Principal risks and uncertainties

The Board places a high degree of emphasis on de-risking the operations of the business wherever possible. The model for the future development of the Group is outlined in the Strategic Report (pages 79 to 83). The Management Team aim to operate the business to ensure objectives are met while not putting the business at significant financial, operational or reputational risk. On 15th of February 2023, Bidstack appointed Thomas Bullen as Chief Financial Officer.

The Chief Financial Officer has been charged with managing the Group's company-level risks. The risk items are monitored and updated monthly. The risk table below is reviewed at the Audit Committee. We monitor risks and uncertainties that can impact the performance of the Group, some of which are beyond the control of the Group. These are reviewed at monthly board meetings where the Company's performance is assessed against its strategy and budget. This enables the Board to determine and mitigate the Company's risk environment, which includes:

Strategic Report (continued)

Principal risks and uncertainties (continued)

Risk: Liquidity	Mitigation
<p>Until the Group reaches a positive cash generative position, the Group's future cash position remains subject to the availability of funding and continued Shareholder support. The funding of its costs together with future growth, place sustained demand on the Group's overall cash resources. The Group relies on being able to arrange and maintain sufficient financing.</p>	<p>Management monitors the working capital requirements of the business to finance its growth plans as part of its day-to-day control procedures.</p> <p>The Board assesses cash flow projections on a regular basis to ensure that appropriate funding resources are ready and available to be drawn on, when required.</p>
Risk: Talent Retention	Mitigation
<p>The Group is dependent on key members of its Management Team. Their services cannot be guaranteed, and the loss of their services may have a near-term material effect on the Group's performance.</p> <p>There can be no assurance that the Group will be able to attract and retain all personnel necessary for the future development and operation of the business.</p>	<p>Bidstack is a Founder-led business where the executive team is incentivised in alignment with Shareholders' interests towards the long-term growth of the Group.</p> <p>In addition, the Group operates share option schemes to incentivise other employees and enable them to benefit from growth in the business.</p> <p>The Board will continue to ensure that key personnel are appropriately identified, engaged and incentivised where required.</p>
Risk: Competition	Mitigation
<p>The Group's investment in technology may be affected by the development of more successful technology or applications by competitors who may have greater financial, marketing, operational and technological resources than the Group.</p>	<p>Bidstack's continued focus on the growth of its platform through onboarding a network of publishers and providing access to growing list of advertisers in key markets reinforces the strength of its commercial value proposition.</p> <p>In addition, Bidstack has an active IP strategy to secure its position within the technological sector.</p>

Strategic Report (continued)

Principal risks and uncertainties (continued)

Risk: IT services and infrastructure	Mitigation
<p>Like every other business dependent on the internet, the Group cannot guarantee that there will be no disruption in the availability or performance of the Bidstack platform, or the terms on which it is made available, which could have a material adverse effect on the business.</p>	<p>The Group's IT infrastructure is distributed across a multiple server network. This ensures that if one server were to fail, the Group's architecture and content could still be accessed by users via other access points. Management undertakes a regular risk review against best practice methods.</p> <p>Management also recognises the opportunity to utilise third-party technology solutions when time or resources are not immediately available; or until the appropriate internal resource can be sourced.</p>
Risk: Business Interruption	Mitigation
<p>Ability to appropriately prepare for and respond to a crisis or major disruption to key operations either across the Group, in a key region/location, or via a critical supplier- such as the Group's business environment being subject to the conditions noted above by the global impact of the coronavirus pandemic.</p>	<p>We acknowledge the importance of proactively ensuring a consistent and effective business continuity management process across the Group.</p> <p>The shut-down of parts of the global business world due to the coronavirus pandemic presented an environment which demonstrably increased audiences in the gaming sector, mitigating certain demand-side risks the Group faces.</p>
Risk: Publishing partner growth	Mitigation
<p>Success of the Group's strategy relies on its on-going ability to secure additional games with advertising opportunities. There can be no assurance that the Group will maintain its success in this area.</p>	<p>The Group continues to engage with a number of the world's largest and most successful game studios and independent developers.</p> <p>Games developers and publishers are implementing monetisation by advertising in their games to generate sustainable and incremental revenues from advertising.</p> <p>Premium titles may require arrangements that guarantee expected revenue. These incentives are modelled to mitigate the risk and ensure appropriate decisions are made on a case-by-case basis, where appropriate.</p>

Strategic Report (continued)

Principal risks and uncertainties (continued)

Risk: Converting client opportunities	Mitigation
<p>Success of the Group's strategy depends on its ability to generate revenues from impressions of advertisements seen by video game players and other observers of the gaming environment. The major advertising agencies operating in the programmatic space have built up revenues from brands over a long period and may have some discretion as to where advertising budgets are spent. There can be no assurance that the Group will be successful in persuading brands and agencies.</p>	<p>The industry data from the global advertising market highlights the growing audience in gaming compared to the decline in traditional channels.</p> <p>Historically, advertisers' deployment of advertising budget typically follows eyeballs.</p> <p>The Group continues to work with the agency holding groups, independent agencies, resellers and brands direct in educating and converting advertising spend in Bidstack's gaming products.</p>
Risk: Brand Safe Advertising space	Mitigation
<p>It is imperative to established brands and their agencies that their ads do not appear on a screen alongside other inappropriate content and advertisements. In addition, certain products and product types may not be shown to game players based on age or product type restrictions. The appearance of ads by quality brands alongside offensive content could result in a loss of trust by brands and agencies which would have an adverse effect on the perception of the Group.</p>	<p>Bidstack's platform has targeting, age-gating and a creative approval layer which can ensure that content is filtered by the publisher so as not to be seen by those who are too young or are resident in territories where relevant products are restricted.</p> <p>In addition, Bidstack has copy clearance procedures with the games publishers to ensure restricted content can be removed.</p>
Risk: Foreign Exchange	Mitigation
<p>The Company is exposed to a variety of currencies and currently earns revenue in US dollars, Sterling and Euros. Brexit is no longer a specific issue for the Company's operations but its impact may still cause fluctuations in the near-term value of Sterling, making forecasting more difficult.</p>	<p>Given the early level of the sector maturity and the difficulty of estimating future cash flows the Group's current finance strategy is not to hedge long-term currency positions. There is anticipated to be a degree of natural hedging in some markets, where both revenues and costs arise in local currency.</p>

Strategic Report (continued)

Forward looking statements

The Strategic Report on pages 79 to 83 has been prepared for the Shareholders of the Company, and no other persons. The Strategic Report may contain forward-looking statements or anticipated outcomes that are subject to the principal risks noted above along with, the economic and sector specific circumstances within the markets in which the business operates. The purpose is to assist Shareholders of the Company to assess the strategies adopted by the Group and the potential for those strategies to succeed, and for no other purpose. The Directors believe that the expectations reflected in the Strategic Report are reasonable but they may be affected by all of the principal risks, which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in the Strategic Report will be realised. The forward-looking statements reflect the data and knowledge available at the time.

Employment without discrimination

The Company is committed to offering employment on the basis of aptitude and ability. We hire and promote our people regardless of gender, orientation, origin, creed, disability or any other inappropriate discrimination.

Environmental and social

In our day-to-day business, we commit to comply with applicable environmental laws, and the Directors believe that the direct impact of the Group's operations on the environment is low. We also look to reduce energy consumption, using sustainable resources and recycling waste.

James Draper

CEO of Bidstack Group PLC

19th June 2023

Governance

Directors, senior managers and employees

At 31 December 2022, there were six male and two female Directors of the Company and the Group had 78 other employees.

Section 172 Statement

Under section 172 of the Companies Act 2006 ("Section 172"), a director of a company must act in a way that they consider, in good faith, and would most likely promote the success of the company for the benefit of its members as a whole, taking into account the non-exhaustive list of factors set out in Section 172.

Section 172 also requires directors to take into consideration the interests of other stakeholders set out in Section 172(1) in their decision-making.

Bidstack's key stakeholders include its investors, employees, advertisers and advertising agencies, technology partners and games developers and publishers.

Engagement with our Shareholders plays an essential role in Bidstack's business. We are cognisant of fostering an effective and mutually beneficial relationship with our Shareholders. Our understanding of our Shareholders is factored into boardroom discussions regarding the potential long-term impacts of our strategic decisions.

Post the reporting period end, the Directors have continued to have regard to the interests of the Company's stakeholders, including the potential impact of the Group's future activities on the community, the environment and the Company's reputation when making decisions. The Directors also continue to take all necessary measures to ensure the Company is acting in good faith and fairly between Shareholders and is promoting the success of the Company for its Shareholders in the long term.

The table below acts as our Section 172 statement by setting out the key stakeholder groups, their interests and how the Company engages with them. Given the importance of stakeholder focus, long-term strategy and reputation to the Company, these themes are also discussed elsewhere in this Annual Report.

Governance (continued)

Section 172 Statement (continued)

Stakeholder	Why we engage	How we engage
Our Investors	We maintain and value regular dialogue with our financial stakeholders throughout the year and place great importance on our relationship with them. We know that our investors expect a comprehensive insight into the financial performance of the Company, and awareness of long-term strategy and direction. As such, we aim to provide high levels of transparency and clarity about our results and long-term strategy and to build trust in our future plans. In addition, we seek independent analyst coverage and comment regularly to Shareholders in relation to the Group's performance vis-à-vis market expectations.	<ul style="list-style-type: none"> • Regular independent analysis of the Group and its performance for the benefit of investors • Annual Report • Company website • Shareholder circulars • AGM • RNS announcements • Press releases • Investor conferences
Our Employees	Our people are at the heart of the growth of our business. Effective employee engagement leads to an effective, incentivised, healthier workforce who are invested in the success of the Group and who are all pulling in the same direction. Our engagement seeks to address any employee concerns regarding working conditions, health and safety, training and development, as well as workforce diversity.	<ul style="list-style-type: none"> • Improving the range of benefits offered to employees • Evaluation and feedback processes for employees and management • Competitive reward packages • Encouraging employee training and development • Flat communication structure with Executive Board
Advertisers and Advertising Agencies	The advertisers and advertising agencies which work with the Group have unique requirements that require understanding, diligence and trust in our offering. We listen to and engage with advertisers and agencies on a constant basis to ensure that we understand their needs and can provide solutions that address them. We strive to ensure that relevant information is easily accessible and customer concerns are dealt with in a timely and professional manner.	<ul style="list-style-type: none"> • Continual dialogue and communication at both commercial and technology levels with advertisers and advertising agencies • Continual review of feedback to ensure satisfaction • Dedicated team for Client Services and Operations to ensure advertiser and agency concerns are addressed • Face to face meetings with brands and agencies to further develop relationships

Governance (continued)

Section 172 Statement (continued)

Technology Partners	Our technology is at the centre of our business. We connect with programmatic sales and publishing platforms, media measurement and verification, game engines and other interfaces. We are also expanding our business with technology only and software-as-a-service offerings. We work closely with third party software engineers and developers and technology suppliers.	<ul style="list-style-type: none">• Work closely with technology providers to understand and resolve issues• Understanding from our technology team results in positive feedback from third parties
Games Developers and Publishers	We have a growing number of games developers and publishers with whom we have built strong relationships with and strongly value. These developers and publishers are key to growing our inventory of advertising opportunities which is the bedrock of our attractiveness to advertisers and advertising agencies. We establish effective technical and commercial engagement channels to ensure our relationships remain collaborative and forward focused, and to foster relationships of mutual trust and loyalty.	<ul style="list-style-type: none">• Building strong partnerships with games developers and publishers through open two-way dialogue, technology integration processes and regular face to face meetings• The integration of our technology into additional games provides tangible evidence of the success of our relationships with games developers and publishers allowing ongoing review and monitoring of relevant performance levels• Proactive account management to ensure cross pollination of new products and services

The above statement should be read in conjunction with the Strategic Report (on pages 79 to 83) and the Company's Corporate Governance Statement.

The Strategic Report was approved by the Board of Directors on 19th June 2023 and was signed on its behalf by:

James Draper

CEO of Bidstack Group PLC

19th June 2023

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 2022.

This report sets out the information the company and the Group are required to disclose in the Directors' report in compliance with the Companies Act 2006 (the Act). This report should be read in conjunction with the Strategic report on pages 79 to 83 and the Corporate Governance report on pages 84 to 86.

Strategic Report

The principal activity of the Group, its strategy and business model are set out on pages 79 to 83.

Corporate Governance

The Corporate Governance Report is set out on pages 84 to 86.

Results and dividends

The results of the Group for the year ended 31 December 2022 are set out on page 103 and show an operating loss for the year of £7,686,186 (2021: loss of £6,297,444). The Directors do not recommend the payment of a dividend (2021: £Nil).

Financial risk management

The Group's financial instruments comprise cash, liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors review the policies for managing each of these risks on an on-going basis. These policies have remained unchanged from previous periods. Details of the use of financial instruments by the Company are contained in note 24 of the financial statements.

Going Concern

The Board continues to adopt the going concern basis to the preparation of the financial statements as it is confident of the Group continuing operations into the foreseeable future, although material uncertainty exists in relation to the Group's ability to raise funds to sustain its operations.

The Board's forecasts for the Group include revenue from the US which will become Bidstack's largest market, open-market place, resellers and licensing. The diversification of revenues in key strategic markets and increased access points for advertisers to access Bidstack's inventory will improve visibility throughout the year.

However, the Group's forecasts assume that further equity fundraising will take place in the next twelve months in order to implement its growth strategy and operate as a going concern. The Group is currently negotiating a convertible loan facility with a strategic investor to address its short-term cash requirements. Although the entity has had past success in fundraising and continues to attract interest from retail, institutional and strategic investors, making the Board confident that such fundraising will be available to provide the required capital, there can be no guarantee that such fundraising will be available and, accordingly, this constitutes a material uncertainty over going concern.

Notwithstanding the above, the Board has considered various alternative operating strategies should these be necessary in the light of actual trading performance not matching the Group's forecasts given current macroeconomic conditions and is satisfied that such revised operating strategies could be adopted, if and when necessary. Therefore, the Directors consider the going concern basis of preparation is appropriate.

Directors' report (continued)

Substantial Shareholders

On 31 December 2022 the following Shareholders held an interest of 3% or more of the ordinary share capital of the Company:

	Ordinary shares of 0.5p	% of issued share capital
James Draper	39,760,562	3.06%
Irdeto B.V	175,438,596	13.50%
Seneca	62,825,439	4.83%
Rathbones	57,240,278	4.40%
Canaccord Genuity	125,465,790	9.64%

As at 31 December 2022 no other person had reported an interest of 3% or more in the Company's ordinary shares.

Directors

The Directors who held office during the year were as follows:

D Reeves (appointed 17 th June 2022)	Non-Executive Chairman
J Draper	Executive
F Petruzzelli (resigned 28 th December 2022)	Executive
L Hau	Executive
G Calvert	Non-Executive
B Neider	Non-Executive
D Stewart	Non-Executive
D Lowther (appointed 28 th December 2022)	Non-Executive
C Franklin (appointed 28 th December 2022)	Executive

Directors' emoluments

Directors during the year 2022		Salary/Fees/ Benefits	Share-based payment	Total Emoluments
		£	£	£
D Reeves	Chairman	21,538	1,188	22,726
J Draper	Executive	257,154	327,910	585,064
C Franklin	Executive	136,439	7,906	144,345
L Hau	Executive	140,071	67,296	207,367
F Petruzzelli	Executive	238,821	279,543	518,364
D Stewart	Non-Executive	40,000	32,292	72,292
B Neider	Non-Executive	40,000	21,528	61,528
G Calvert	Non -Executive	30,000	21,528	51,528
		904,023	759,191	1,663,214

Directors' report (continued)

Directors during the year 2021		Salary/Fees/ Benefits	Share-based payment	Total Emoluments
		£	£	£
D Stewart	Non-Executive	40,000	885	40,885
J Draper	Executive	310,000	11,430	321,430
F Petruzzelli	Executive	310,000	11,430	321,430
L Hau	Executive	181,250	14,549	195,799
B Neider	Non-Executive	17,635	590	18,225
G Calvert	Non-Executive	20,000	590	20,590
J McIntosh	Executive	240,000	28,277	268,277
M Hayes	Non-Executive	10,000	2,690	12,690
D Wise	Non-Executive	2,500	-	2,500
		1,131,385	70,441	1,201,826

On 21 December 2021, the Company adopted a new Long-Term Incentive Plan (LTIP). Awards to James Draper, Francesco Petruzzelli and Lisa Hau.

On 9 December 2022, the Company has made an aggregate of 13,965,000 LTIP awards to Camila Franklin.

The LTIP awards to each of the Directors in each set of awards will vest over a three-year period. All of the LTIP awards, when vested, will be exercisable on payment of nominal value only.

The First Awards have been made to the Directors as follows:

Name	FY2023	FY2024	FY2025	Total
Camila Franklin	3,490,901	3,490,901	3,491,948	10,473,750

The Second Awards have been made as follows:

Name	FY2023	FY2024	FY2025	Total
Camila Franklin	1,163,634	1,163,634	1,163,982	3,491,250

The relevant targets are set by the Remuneration Committee based on the consensus of market expectations.

Further details on the LTIP scheme can be found in Note 22.

Directors' report (continued)

Statement of compliance with the Corporate Governance Code

The Group complies with the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code") as revised and reissued in May 2018.

David Reeves, in his capacity as Non-Executive Chairman, has assumed responsibility for leading the Board effectively and ensuring that the Group has appropriate Corporate Governance standards in place and that these standards are observed and applied within the Group as a whole.

The Corporate Governance arrangements that the Board has adopted are intended to ensure that the Group delivers medium and long-term value to its Shareholders. The Board maintains a regular dialogue with its major investors and other professional investors, providing them with such information on the Group's progress as is permitted by the AIM rules, MAR and the requirements of the relevant legislation.

It should be noted that all the Directors are Shareholders and/or option holders in the Group. The Directors therefore view their own medium and long-term interests to be integrally linked to the medium and long-term value of the Group and, as such, the interests of the Directors are directly aligned with those of the Shareholders.

The Board currently consists of four Independent Non-Executives, David Reeves, Bryan Neider, Glen Calvert and Donald Stewart, and one further Non-Executive in Doug Lowther, and three Executive Directors, James Draper, Lisa Hau and Camila Franklin.

The QCA Code sets out ten principles that should be applied. These are listed on the Company's website at www.bidstackgroup.com together with an explanation of how the Company applies each of the principles. The ten principles are:

1. Establish a strategy and business model which promote long-term value for Shareholders
2. Seek to understand and meet Shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation
5. Maintain the Board as a well-functioning, balanced team led by the Chair
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board
10. Communicate how the Company is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders.

Set out below are further disclosures on certain particularly relevant principles.

Directors' report (continued)

Principle 1 – Business Model and Strategy

Bidstack is a provider of multi format in-game advertising that is dynamic, targeted, and automated, serving the global video games industry across multiple platforms. Its proprietary technology places brands or content into a pre-defined place within video games and in-game menus, user interfaces and loading screens.

Bidstack's primary customer are the game publishers and developers who provide on an exclusive or non-exclusive basis access to its inventory. This growing platform enables the demand side who are the advertising agencies, buyers for specific brands and operators of programmatic advertising platforms.

As set out in the Strategic Report above, the Board has concluded that the highest medium and long-term value can be delivered to its Shareholders by focusing the Group's resources during 2023 on business development, both technical and commercial.

For further information on the market, the future strategy of the Group and the risks the Board consider to be the most significant for potential investors, Shareholders are referred to the Strategic Report set out on pages 79 to 83 above.

Principle 4 – Risk Management

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and recognises the need for an effective and well-defined risk management process. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of the Group's principal risks.

The Board has delegated certain authorities to committees, each with formal terms of reference. As part of its terms of reference, the Audit Committee is obliged, inter alia, to keep under review the Group's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems, review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action, review the Group's procedures for detecting fraud and review the Group's systems and controls for the prevention of bribery.

Principle 5 – A Well-functioning Board of Directors

The Board is responsible for the management of the business of the Group, setting the strategic direction of the Group and establishing the policies of the Group. It is the Board's responsibility to oversee the financial position of the Group and monitor the business and affairs of the Group on behalf of Shareholders, to whom the Directors are accountable. The primary duty of the Board is to act in the best interests of the Group at all times. The Board also addresses issues relating to internal control and the Group's approach to risk management.

The Board consists of three Executive Directors, comprising the Chief Executive Officer, Chief Strategy Officer and Chief Operations Officer, and five Non-Executive Directors, including the Chairman.

David Reeves chairs the Board. The Executive Directors have industry and technical knowledge and expertise (James Draper and Camila Franklin), investor relations, corporate development, strategy and financial expertise (Lisa Hau). The Non-Executive Directors have legal, accounting, public market, leadership and people management experience (David Reeves, Donald Stewart, Glen Calvert, Bryan Neider and Doug Lowther).

Directors' report (continued)

David Reeves, Glen Calvert, Bryan Neider and Donald Stewart are independent Non-Executive Directors. Doug Lowther is non-independent due to Irdeto's 13.5% strategic investment in Bidstack.

David Garvey, Chief Legal Officer, acts as the Company Secretary.

The Board holds board meetings monthly and whenever issues arise which require the urgent attention of the Board. The Executive Directors are full-time employees, and the Non-Executive Directors are expected to devote at least two days per month to the affairs of the Company and such additional time as may be necessary to fulfil their roles.

The Board has established an Audit Committee and a Remuneration Committee. The Company considers that, at this stage of its development, and given the current size of its Board, it is not necessary to establish a formal Nominations Committee and nominations to the Board will be dealt with by the whole Board. This position is reviewed on a regular basis by the Directors.

All the Non-Executive Directors are Shareholders and the Board does not consider this affects the performance of their duties. Three Non-Executive Directors sit on the Audit Committee, which is chaired by Bryan Neider (who is a Certified Public Accountant) and on the Remuneration Committee, which is chaired by Glen Calvert.

During the year under review the Board held nine board meetings, at which all the members of the Board attended. In addition, the Board met formally a further seven times, and a sub-committee of the board met twice, for specific purposes including to approve publication of the Annual Report and Accounts for 2021 and to approve publication of the Interim Accounts for the period to 30 June 2022, to approve the Company's fundraise in relation to an exercise of options and the grant of options and Long-Term Incentive Plan (LTIP) awards. In addition to the Company's formal board meetings, all of the Directors regularly discuss matters affecting the business and the strategy of the Group.

Principle 6 – Appropriate Skills and Experience of the Directors

The Group believes that the current balance of skills within the Board as a whole reflects a broad and appropriate range of commercial, technical and professional skills relevant to the sector in which the Group operates and its status as an AIM listed company.

Biographical details of each of the Directors and Officers are set out below:

David Reeves – Non-Executive Chairman

David joined Bidstack in 2022 as chairman, adding more than 30 years of global experience in senior management roles within multinational companies across the video games industry. He launched Sony PlayStation in Germany, Switzerland & Austria in 1995 and in 1999, he was appointed Executive Vice President of Sony Computer Entertainment (Europe) and President and CEO EMEA in 2003. In 2010, David was appointed as COO of Capcom (Europe). David has his own consulting Company DRC Consulting Ltd, is Co-Founder of E Fundamentals, a SaaS company providing e-commerce analytics services and is Chairman of Comcarde Ltd, an Edinburgh-based fintech company.

James Draper – Executive Director, Chief Executive Officer

James founded Bidstack in 2015 utilising more than 15 years of commercial experience to launch his own business. Since the initial launch he has seen the Company grow from a one-man operation to an international business which trades on the AIM Market of the London Stock Exchange. Under his stewardship, Bidstack became the first ever Crowdcube funded company to go public after he pivoted the business into video gaming in 2017 with an industry-establishing deal with SEGA Europe and has since raised c.£40 million for Bidstack.

Directors' report (continued)

James leads the business as a whole and brings core management, marketing and strategic vision and an intimate knowledge of all aspects of the Bidstack business to the Board.

Lisa Hau – Executive Director, Chief Strategy Officer

Lisa joined Bidstack in April 2020 with more than 15 years international experience most recently at WPP, a constituent of the FTSE 100 where she led investor relations and Jefferies where she was an equity analyst heading coverage for European Media and Internet. Lisa oversees corporate development and strategy for Bidstack and works closely with the management team. Lisa graduated from the University of Technology, Sydney in 2006 and is a qualified Chartered Accountant. Lisa brings strategy, financial, capital markets and investor relations expertise to the Board.

Camila Franklin – Executive Director, Chief Operating Officer

Camila joined Bidstack in 2022, adding more than two decades of gaming experience to the team. She was previously the COO at AdColony, one of the largest gaming monetisation platforms in the world. Camila was also named one of The Top Women Leaders in SaaS in 2020 and was a Bronze Stevie Award winner for Woman of the Year in the business services industry in 2021. Throughout her career, Camila has led engineering, product, operations, and client-facing teams. She is also well-versed in managing complex cross platform interactions and relations with clients, end-users, internal team members, and external partners. With deep sector knowledge and more than 20 years of experience in the mobile marketing and advertising technology industry, Camila will operationalise and industrialise Bidstack's current growth ambitions.

Donald Stewart – Non-Executive Director

Appointed to the Board on 1 December 2015, Donald is a Solicitor and has practiced corporate law, particularly focused on smaller quoted companies, for over 30 years. Between April 2013 and July 2015, he was on the Board of AIM quoted Progility Plc and, before that, had been a Corporate Partner in the London office of a global law firm. He is a former Director (and past Chairman) of the Quoted Companies Alliance. Donald brings extensive experience of quoted companies, legal and regulatory issues, Corporate Governance and of the role of Chairman. As a practicing Solicitor, Donald is required to keep his skills up to date through continuing professional development.

Glen Calvert – Non-Executive Director

Glen joined the Board in April 2021 having been on Bidstack's advisory board since August 2020. Having been COO of Fnatic Ltd, widely regarded as one of the biggest brands and most successful esports teams, since January 2019. During 2021 he launched Kaizan.ai, an AI start up that augments the intelligence of client success teams. Previously Glen was a Founder and CEO of programmatic marketing company Affectv and, prior to that, a member of the founding team at Struq, an advertising personalisation platform, which was acquired by Quantcast in 2014. Glen brings considerable experience to the Board including strong relationships across the esports and AI sectors and among the investor community.

Bryan Neider – Non-Executive Director

Bryan, a Certified Public Accountant, joined the Board in July 2021 and is a tech, media and gaming veteran who adds significant public company and finance experience and knowhow to the Board. He became a Bidstack Advisor in October 2019 and brings more than 25 years of leadership experience from his time with Electronic Arts (EA) Worldwide Studios. There he played a key role in their IPO, oversaw global business development efforts, served as their CFO and COO and headed up their Global Operations team. Bryan currently serves as the CEO of AbilityPath an organisation creating opportunities for greater independence for children, youth and adults through diverse, individualised education and support services. He also serves on several not-for-profit boards, is a founding Board member for Santa Clara University's Centre for Innovation and Entrepreneurship, is an Advisory Board member for the College of Business and Economics at California State University,

Directors' report (continued)

serves on the Boards of three technology start-ups and has been an advisor to a venture capital fund in Silicon Valley.

Doug Lowther – Non-Executive Director

Doug joined Bidstack in December 2022 as a Non-Executive Director, adding more than 25 years of commercial experience. Since April 2015 Doug has served as CEO of Irdeto B.V., which is widely regarded as the world leader in digital platform cybersecurity. Irdeto is a 13.5% shareholder in the Company following its c.£5m strategic investment, as announced on 5 October 2022. Previously Doug was the President and CEO of International Datacasting and, prior to that, he served in various senior and executive roles within Irdeto based in Beijing and Amsterdam.

All of the Directors have direct access to the Company's external advisers including its NOMAD, lawyers, remuneration and auditors as and when required and are able to obtain advice from other external advisers when necessary.

All Directors have access to independent legal advice at the Company's expense.

The Board will seek to take into account Board imbalances for future nominations.

Principle 7 – Evaluation of Board Performance

Due to changes at the Board in 2022, a formal evaluation was not undertaken. However, the new Chairman will conduct a full evaluation in 2023 to ensure the Board is performing effectively as a whole. Such evaluations will be undertaken with reference to how the Director or Officer has performed in fulfilling his/her specific functions, attendance at Board and Committee meetings as appropriate, and overall contribution to the Group as a whole.

The Board is aware that succession planning is a vital task and the management of succession planning represents a key responsibility of the Board. The balance of skills required of the Board as a whole is under constant review as the business develops. As a result the composition of the Board will change over time. The Board would appoint additional Directors in the event that outstanding people with relevant skills are able to make the necessary commitment to drive the business forward.

Principle 8 – Corporate Culture

The Company recognises the importance of promoting an ethical corporate culture, interacting responsibly with all stakeholders and the communities and environments in which the Group operates. The Board considers this to be essential if medium and long-term value is to be delivered.

The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback, particularly with regard to providing a safe and enjoyable working environment for employees and seeking to ensure they are remunerated and incentivised appropriately.

The Group also works directly with games publishers and developers to understand their unique requirements, participates in gaming conferences and sponsors esports tournaments to get direct feedback from the players and viewers of video games, works closely and supportively with the IAB, the Company's industry trade body, and seeks to be regarded as a good corporate citizen by all its stakeholders within its sphere of operation. In addition, Bidstack has worked closely with Badu Sports, which mentors and inspires young, underrepresented people in East London providing social inclusion and opportunity revolving around the local community. The Directors view their own medium and long-term interests to be integrally linked to the medium and long-term value of the Group, and, as such, the interests of the Directors are directly aligned with those of the Shareholders. The Group has adopted policies to deal with corruption and bribery and to comply with the UK Bribery Act.

Directors' report (continued)

Principle 10 – Shareholder Communication

The Board delegates authority to two Committees to assist in meeting its business objectives, and the Committees meet independently of Board meetings.

Audit Committee Report

The Audit Committee comprises Bryan Neider (Chairman), Donald Stewart and Glen Calvert and meets not less than twice a year. The Committee is responsible for making recommendations to the Board on the appointment of Auditors as well as the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. The Company's auditor has been appointed since 2018 and the Audit Committee's auditor rotation policy in accordance with best practice and guidelines. Non audit services are assessed in context of the overall auditor remuneration in order to determine any perceived or real threat to independence. In addition, the Audit Committee receives and reviews reports from Management and the Auditors relating to the Interim Report, the Annual Report and Accounts and the internal control systems of the Group.

As noted above the Audit Committee is also responsible for reviewing the Group's internal financial controls systems that identify, assess, manage and monitor financial risks, other internal control and risk management systems and other aspects of risk management.

During the year under review, the Audit Committee was responsible for reviewing the Company's Interim Report for the period to 30 June 2022. In addition, the Audit Committee has worked with and reviewed the work of the Company's Auditors in the production of the Annual Report and Accounts of the Company for the year ended 31 December 2022 set out in this document.

Remuneration Committee Report

The Remuneration Committee comprises Glen Calvert as Chairman, Bryan Neider and Donald Stewart which meets not less than twice each year. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for Senior Management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Enlarged Group.

During the year under review, the Remuneration Committee made certain recommendations to the Board in relation to the salaries of the management team.

In addition, for the year under review the Remuneration Committee did make recommendations to the Board in relation to the award of bonuses, share options and LTIP awards for the Executive Directors details of which have been disclosed under Director's interests below and certain other Senior Employees.

Director's interests

The beneficial interests of the Directors of the Company in the ordinary share capital of the Company and options and warrants to purchase such shares were:

Directors' report (continued)

31 December 2022

Director	Ordinary Shares	Ex. Price 1.14p	Ex. Price 6p	Ex. Price 3.6p
D Reeves	-	-	-	2,000,000
J Draper	39,760,562	-	-	-
L Hau	1,125,000	-	750,000	-
G Calvert	-	-	-	2,000,000
B Neider	750,000	-	-	2,000,000
D Stewart	3,524,876	-	-	3,000,000

Long-Term Incentive Plan (LTIPS)

Director	Ex. Price 3.6p
J Draper	36,000,000
L Hau	6,000,000
C Franklin	13,965,000

31 December 2021

Director	Ordinary Shares	Ex. Price 1.14p	Ex. Price 6p	Ex. Price 3.6p
D Stewart	3,524,876	-	-	3,000,000
J Draper	39,760,562	-	-	-
F Petruzzelli	5,750,000	4,799,500	-	-
L Hau	1,125,000	-	750,000	-
G Calvert	-	-	-	2,000,000
B Neider	750,000	-	-	2,000,000

Long-Term Incentive Plan (LTIPS)

Director	Ex. Price 3.6p
J Draper	36,000,000
F Petruzzelli	36,000,000
L Hau	6,000,000

James Draper

CEO of Bidstack Group PLC

19th June 2023

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statement period; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information.

The Directors are not aware of any relevant audit information of which the Auditors are unaware.

By order of the Board

James Draper

CEO of Bidstack Group PLC

19th June 2023

Independent Auditor's report to the members of Bidstack Group Plc

Opinion

We have audited the financial statements of Bidstack Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise a consolidated statement of comprehensive income, a consolidated statement of financial position, a company statement of financial position, a consolidated statement of changes in equity, a company statement of changes in equity, a consolidated statement of cash flows and a company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter

We draw your attention to note 18 in the financial statements which describe the conditions on which management have assessed the recoverability of the amount owed by Azerion. Our opinion is not modified in this respect.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the financial statements which indicates that the group is dependent on further equity funding to sustain itself over the following year and that there is no guarantee that such fundraising will be available. As stated in note 2 this condition indicates that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the cash flow forecasts and budgets covering the period of at least 12 months from the financial statement approval date
- Scrutinising the cash flow forecasts and budgets and challenging the assumptions made by management.
- In particular, we reviewed the central assumption around the success of an equity fundraise and obtained supporting evidence for this.

Independent Auditor's report to the members of Bidstack Group Plc (continued)

We concur with management that, the reliance of management on equity fundraising as a key source of funding in the foreseeable future constitutes a material uncertainty.

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

Key Audit Matter	How our scope addressed this matter
Uncertainty around the recoverability of the amounts owed from Azerion Group N.V. due to ongoing litigation.	<p>We obtained and critically appraised management's assessment for the recoverability of the amounts owed from Azerion Group N.V.</p> <p>We corroborated facts pertaining to the legal claims served by the Group at the Dutch court against Azerion Group N.V. by making inquiries with the Group's lawyers engaged to represent the Group in the litigation proceedings with at the Dutch Court.</p> <p>Through our audit, we particularly challenged the central assumption around the percentage used for a provision against the Azerion Group N.V. debtor.</p> <p>We concluded that the outcome of the litigation between the Group and Azerion Group N.V. and accuracy of the underlying doubtful debt provision is inherently uncertain. The debtor balance held within Bidstack Limited is material to the Group's consolidated financial statements. Accordingly, the uncertainty attributable to the debtor and provision balances constitutes a material uncertainty as disclosed in Financial statement disclosure in Note 18.</p> <p>We have also made reference to the basis of the recoverability in the emphasis of matter paragraph above.</p>
Going concern Due to the continued comprehensive losses generated by the group of £7.572 million in the year ended 31 December 2022 (£6.286 million in 2021) there is a risk that the Group may not have sufficient resources to continue trading for the foreseeable future (see note 2). As set out in note 2 a material uncertainty has been disclosed in relation to the Group's going concern status.	<p>The "Material uncertainty related to going concern" section of the audit report features the explanation of how our audit scope addressed the Key Audit Matter around Going concern and the Material uncertainty associated with it.</p>
Revenue recognition The group earned revenue of £5,267,155 in the year ended 31 December 2022. There is a risk that revenue is recognised inappropriately and not in accordance with IFRS 15.	<p>We agreed cash receipts to a sample of tested revenue transactions in order to gain comfort over recorded sales occurrence and completeness. We also agreed a sample of recorded revenue transactions to appropriate evidence of customer acceptance to evidence satisfaction of respective performance obligations.</p> <p>We have reviewed and challenged management's judgment in applying relevant requirements of IFRS 15. As a result of our procedures, we conclude that the group's revenue is stated accurately in all material aspects.</p>

Independent Auditor's report to the members of Bidstack Group Plc (continued)

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

We performed a full scope audit of Bidstack Group plc and its four subsidiaries – Bidstack Limited, Bidstack SIA, Bidstack Inc and Pubguard Limited. Our audit consisted principally of substantive tests of detail as this was deemed the most efficient and effective way of amassing sufficient reliable audit evidence.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken based on the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider revenue to be the financial metric of most interest to shareholders and other users of the financial statements. Revenue is deemed to be the most appropriate benchmark.

We determined materiality for the group to be £105,000 which equated to approximately 2% of draft revenue, which we considered was within a suitable range of acceptable values for calculating materiality.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the group was set at £78,750.

We agreed with the management that we would report all individual audit differences identified during the course of our audit in excess of £5,250. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's report to the members of Bidstack Group Plc (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 97, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's report to the members of Bidstack Group Plc (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the business and trade regulations, 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 preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

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 revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their critical accounting estimates and judgements.

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

Use of our report

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

Ian Cliffe

Senior Statutory Auditor

10 Queen Street Place

For and on behalf of Haysmacintyre LLP, Statutory Auditors

London

19th June 2023

EC4R 1AG

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue	4	5,267,155	2,623,413
Cost of sales		(1,484,512)	(1,674,190)
Gross profit		3,782,643	949,223
Administrative expenses	5	(12,545,716)	(8,681,927)
Exceptional items	6	-	(222,555)
Total administrative expenses		(12,545,716)	(8,904,482)
Operating loss		(8,763,073)	(7,955,259)
Finance income	9	749	180
Finance costs	9	(2,998)	(3,392)
Loss before taxation		(8,765,322)	(7,958,471)
Taxation	10	1,079,136	1,661,027
Loss for the year		(7,686,186)	(6,297,444)
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Exchange gains on translation of foreign operations		113,358	10,589
Tax relating to items that may be reclassified	10	-	-
Other comprehensive income for the year, net of tax		113,358	10,589
Total comprehensive loss for the year		(7,572,828)	(6,286,855)
Loss per share – basic and diluted (pence)	11	(0.62)	(1.21)

The notes on pages 110 to 145 form part of these financial statements.

Consolidated statement of financial position

as at 31 December 2022

Company number 04466195

	Note	31 December 2022 £	31 December 2021 £
ASSETS			
Non-current assets			
Intangible assets	12	765,454	248,760
Property, plant and equipment	14	56,623	46,519
Right of use asset	16	3,920	7,280
Total non-current assets		825,997	302,559
Current assets			
Trade and other receivables	18	9,319,868	2,752,036
Cash and cash equivalents	19	8,662,039	7,086,906
Total current assets		17,981,907	9,838,942
Total assets		18,807,904	10,141,501
EQUITY AND LIABILITIES			
Equity			
Share capital	21	10,796,670	8,950,048
Share premium account	21	43,216,919	35,375,326
Share-based payment reserve	21	2,782,896	1,589,965
Merger relief reserve	21	6,508,673	6,508,673
Reverse acquisition reserve	21	(23,320,632)	(23,320,632)
Warrant reserve	21	-	71,480
Exchange reserve	21	123,947	10,589
Retained losses	21	(29,491,052)	(21,876,346)
Total equity		10,617,421	7,309,103
Non-current liabilities			
Lease liability	15	614	4,180
Total non-current liabilities		614	4,180
Current liabilities			
Trade and other payables	20	8,186,323	2,824,920
Lease liability	15	3,546	3,298
Total current liabilities		8,189,869	2,828,218
Total equity and liabilities		18,807,904	10,141,501

The financial statements on pages 103 to 109 were approved by the board of Directors on 19th June 2023 and signed on its behalf by

David Reeves
Chairman of Bidstack PLC

The notes on pages 110 to 145 form part of these financial statements.

Company statement of financial position

as at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
ASSETS			
Non-current assets			
Right of use asset	16	3,920	7,280
Investments	17	1,376,363	7,477,841
Total non-current assets		1,380,283	7,485,121
Current assets			
Trade and other receivables	18	21,964,726	15,094,021
Cash and cash equivalents	19	8,249,477	6,746,220
Total current assets		30,214,203	21,840,241
Total assets		31,594,486	29,325,362
EQUITY AND LIABILITIES			
Equity			
Share capital	21	10,796,670	8,950,048
Share premium account	21	43,216,919	35,375,326
Share-based payment reserve	21	2,782,896	1,589,965
Merger relief reserve	21	6,508,673	6,508,673
Warrant reserve	21	-	76,457
Retained losses	21	(31,308,950)	(23,311,955)
Total equity		31,308,950	29,188,514
Non-current liabilities			
Lease liability	15	614	4,180
Total non-current assets		614	4,180
Current liabilities			
Trade and other payables	20	281,376	129,370
Lease liability	15	3,546	3,298
Total current liabilities		284,922	132,668
Total equity and liabilities		31,594,486	29,325,362

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £8,760,710 (2021: loss of £1,121,182).

The financial statements on pages 103 to 109 were approved by the board of Directors on 19th June 2023 and signed on its behalf by:

James Draper
CEO of Bidstack PLC

The notes on pages 110 to 145 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Share capital £	Share premium £	Share-based payment reserve £	Merger relief reserve £	Reverse acquisition reserve £	Exchange Reserve £	Warrant reserve £	Retained losses £	Total equity £
Balance as at 1 January 2021	6,234,261	27,984,716	1,282,556	6,508,673	(23,320,632)	-	71,480	(15,578,902)	3,182,152
Issue of shares	2,715,787	8,147,363	-	-	-	-	-	-	10,863,150
Costs of raising equity	-	(756,753)	-	-	-	-	-	-	(756,753)
Share-based payments	-	-	307,409	-	-	-	-	-	307,409
Loss for the year	-	-	-	-	-	-	-	(6,297,444)	(6,297,444)
Total comprehensive loss for the year	-	-	-	-	-	10,589	-	-	10,589
Balance as at 31 December 2021	8,950,048	35,375,326	1,589,965	6,508,673	(23,320,632)	10,589	71,480	(21,876,346)	7,309,103
Issue of shares	1,839,122	8,643,873	-	-	-	-	-	-	10,482,995
Issue of share options exercised	7,500	22,500	-	-	-	-	-	-	30,000
Costs of raising equity	-	(824,780)	-	-	-	-	-	-	(824,780)
Share-based payments	-	-	1,192,931	-	-	-	-	-	1,192,931
Unexercised lapsed warrants	-	-	-	-	-	-	(71,480)	71,480	-
Loss for the year	-	-	-	-	-	-	-	(7,686,186)	(7,686,186)
Total other comprehensive income for the year	-	-	-	-	-	113,358	-	-	113,358
Balance as at 31 December 2022	10,796,670	43,216,919	2,782,896	6,508,673	(23,320,632)	123,947	-	(29,491,052)	10,617,421

Warrants issued by the Company in the year ended 31 December 2018 were classified as equity on initial recognition and shown in the warrant reserve. As at 31 December 2022 the warrants lapsed unexercised and the amount previously recognised in the warrant reserve has been reclassified to retained losses.

The notes on pages 110 to 145 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 December 2022

	Share capital £	Share premium £	Share-based payment reserve £	Merger relief reserve £	Warrant reserve £	Retained losses £	Total equity £
Balance as at 1 January 2021	6,234,261	27,984,716	1,282,556	6,508,673	76,457	(22,190,773)	19,895,890
Issue of shares	2,715,787	8,147,363	-	-	-	-	10,863,150
Costs of raising funds	-	(756,753)	-	-	-	-	(756,753)
Share-based payments	-	-	307,409	-	-	-	307,409
Loss for the year	-	-	-	-	-	(1,121,182)	(1,121,182)
Balance as at 31 December 2021	8,950,048	35,375,326	1,589,965	6,508,673	76,457	(23,311,955)	29,188,514
Issue of shares	1,839,122	8,643,873	-	-	-	-	10,482,995
Issue of share options exercised	7,500	22,500	-	-	-	-	30,000
Costs of raising funds	-	(824,780)	-	-	-	-	(824,780)
Share-based payments	-	-	1,192,931	-	-	-	1,192,931
Unexercised lapsed warrants	-	-	-	-	(76,457)	76,457	-
Loss for the year	-	-	-	-	-	(8,760,710)	(8,760,710)
Balance as at 31 December 2022	10,796,670	43,216,919	2,782,896	6,508,673	-	(31,996,208)	31,308,950

The notes on pages 110 to 145 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2022

		31 December 2022	31 December 2021
	Note	£	£
Cash flows from operating activities			
Loss before taxation		(8,765,322)	(7,958,471)
Adjustments for:			
Amortisation – Intangibles	12	71,528	31,195
Amortisation – Right of use asset	16	3,360	10,377
Depreciation	14	28,765	24,160
Equity settled share-based payments	5	1,192,931	307,409
Doubtful debts expenses		-	(2,073)
Interest received	9	(749)	(180)
Interest paid	9	2,998	3,392
Bad debt expense	18	1,456,236	-
Exchange differences on translation of foreign operations		113,358	10,589
		(5,896,895)	(7,573,602)
Changes in working capital			
(Increase)/decrease in trade and other receivables	18	(8,199,385)	409,468
Increase in trade and other payables	20	5,361,405	961,182
Cash used in operations		(8,734,875)	(6,202,952)
Taxation received		1,254,451	892,895
Net cash used in operations		(7,480,424)	(5,310,057)
Cash flow from investing activities			
Investment in intangible assets	12	(588,222)	-
Investment in property, plant and equipment	14	(38,869)	(42,291)
Net cash flow used in investing activities		(627,091)	(42,291)
Cash flow from financing activities			
Proceeds from issue of share capital	21	10,512,995	10,863,150
Cost of issue	21	(824,780)	(756,753)
Interest paid	9	(2,998)	(3,392)
Principal paid on finance leases	15	(3,318)	(11,045)
Interest received	9	749	180
Net cash generated from financing activities		9,682,648	10,092,140
Increase in cash and cash equivalents in the year		1,575,133	4,739,792
Cash and cash equivalents at beginning of year		7,086,906	2,347,114
Cash and cash equivalents at the end of the year		8,662,039	7,086,906

The notes on pages 110 to 145 form part of these financial statements.

Company statement of cash flows

for the year ended 31 December 2022

		31 December 2022	31 December 2021
	Note	£	£
Cash flows from operating activities			
Loss before taxation		(8,760,710)	(1,121,182)
Adjustments for:			
Amortisation – Right of use asset	16	3,360	10,377
Share-based payments	5	1,192,931	307,409
Impairment of investments	17	6,101,478	-
Interest received	9	(749)	(180)
Expected credit loss	18	431,838	-
Interest paid	9	397	1,088
		(1,031,455)	(802,488)
Changes in working capital			
(Decrease) in trade and other receivables	18	(54,377)	(39,410)
Increase/(decrease) in trade and other payables	20	152,007	(114,207)
Net cash generated (used in) operations		(933,835)	(153,617)
Cash flow from investing activities			
Change in intercompany		(7,248,167)	(4,678,554)
Net cash flow used in investing activities		(7,248,167)	(4,678,554)
Cash flow from financing activities			
Issue of ordinary shares for cash	21	10,512,995	10,863,150
Costs directly related to issue of shares	21	(824,780)	(756,753)
Interest paid on lease liabilities	9	(397)	(1,088)
Principal paid on finance leases	15	(3,318)	(11,045)
Interest received	9	749	180
Net cash generated from financing activities		9,685,249	10,094,444
Increase in cash and cash equivalents in the year		1,503,257	4,459,785
Cash and cash equivalents at beginning of year		6,746,220	2,286,435
Cash and cash equivalents at the end of the year		8,249,477	6,746,220

The notes on pages 110 to 145 form part of these financial statements.

Notes to the financial statements

1 General information

Bidstack Group Plc (the “Company”) is a public limited company, limited by shares (not guarantee) and is incorporated and domiciled in the UK. The address of the registered office is Wework, The Hewett, 3rd Floor, 14 Hewett Street, London, EC2A 3NP. The registered number of the company is 04466195.

2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements consolidate those of the Company and its subsidiaries (together the “Group”). The financial statements have been prepared on a going concern basis in accordance with UK-adopted international accounting standards and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The effect on the economy may impact the Group in varying ways, which could lead to a direct bearing on the Group’s ability to generate future cash flows for working capital purposes. The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons the generation of sufficient operating cash flows remain a risk. Management is closely monitoring commercial and technical aspects of the Group’s operations to mitigate risk and believes the Group will have access to sufficient working capital to continue operations for the foreseeable future.

Consolidation

The consolidated financial statements consolidate the financial statements of the Company and the results of its subsidiary undertakings Bidstack Limited, Pubguard Ltd, Bidstack SIA, Bidstack Technologies Ltd, Bidstack Sports Limited and Bidstack Inc., made up to 31 December 2022.

Subsidiaries are 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.

Although the consolidated financial information has been issued in the name of Bidstack Group Plc, the legal parent, it represents in substance continuation of the financial information of the legal subsidiary, Bidstack Ltd.

Going concern

The Board continues to adopt the going concern basis in the preparation of the financial statements as it is confident of the Group continuing operations into the foreseeable future, although material uncertainty exists in relation to the group’s ability to raise funds to sustain its operations.

The Board’s forecasts for the Group include revenue from existing business, additional future revenues from anticipated new lines of business, potential future capital in-flows, continued operating losses, projected cash-burn of the Group (and taking account of reasonably possible changes in trading performance and also changes outside of expected trading performance) for a minimum period of at least twelve months from the date of approval of these financial statements.

The Group forecasts assume that further equity fundraising will take place in the next twelve months in order to implement its growth strategy and operate as a going concern. The Group is currently negotiating a convertible loan facility with a strategic investor to address its short term cash requirements. Although the Group has had past success in fundraising and continues to attract interest from investors, making the Board confident that such financing options will be available to provide the required capital, there can be no guarantee that such fundraising will be available and, accordingly, this constitutes a material uncertainty over going concern.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Going Concern (continued)

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on pages 76 to 78.

The financial statements at 31 December 2022 show that the Group generated an operating loss for the year of £8.8 million (2021: £7.9 million); with cash used in operating activities of £7.5 million (2021: £6.2 million). Group balance sheet also showed cash reserves at 31 December 2022 of £8.6 million (2021: £7.1 million). The Group is dependent on further equity fundraising in order to operate as a going concern for at least twelve months from the date of approval of the financial statements.

New and amended standard, and interpretations issued and effective for the financial year beginning 1 January 2022.

The adoption of the following mentioned amendments, which were all effective for the period beginning 1 January 2022, have not had a material impact on the Group's and Company's financial statements:

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use;
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- Amendments to IFRS 3 References to Conceptual Framework);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023*
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies – effective 1 January 2023
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates – effective 1 January 2023
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction – effective 1 January 2023

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 *Leases* (Amendment – Liability in a Sale and Leaseback)
- IAS 1 *Presentation of Financial Statements* (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 *Presentation of Financial Statements* (Amendment – Non-current Liabilities with Covenants)

Bidstack Group Plc is currently assessing the impact of these new accounting standards and amendments.

Revenue Recognition

Under IFRS 15, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The underlying principle is a five-step approach to identify a contract, determine performance obligations, the consideration and the allocation thereof, and timing of revenue recognition. IFRS 15 also includes guidance on the presentation of assets and liabilities arising from contracts with customers, which depends on the relationship between Company's performance and the customers' payment.

The Group recognises revenue from the follow activities:

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Revenue Recognition (continued)

- Revenue from Media contracts; whereby Group's inventory is sold to advertisers directly or programmatically;
- Revenue from Sponsorship contracts; whereby the Group enter into a contract with the brand direct or advertising agency to provide a customized campaign in a chosen video game;
- Revenue from Licensing contracts; whereby the Group enters into a contract that provides the exclusive licensing agreement of the Pubguard Technology;
- Revenue from Minimum Guarantee; whereby the Group entered into an exclusive contract with Azerion as its provider of reseller services in relation to Bidstack SDK formats.

Revenue from contracts with customers is recognised when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service.

The Group identified the performance obligations that related to the above stated revenue activities as follows:

- Revenue from Media contracts; based on agreed impressions that have been delivered between the campaign start and end date;
- Revenue from Sponsorship contracts; the delivery of a customised placement of advertising into the agreed game;
- Revenue from Licensing contracts; the point at which the brand rights were made available, and the point that exclusive licensing access to the Pubguard technology was provided;
- Revenue from Minimum Guarantee; for the provision of an agreed amount of in-game advertising inventory over the duration of the contract.

For each performance obligation that is satisfied over time, the Group applies a single method of measuring progress towards complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, the Group have adopted an appropriate output method. For the Group, that is the rights to access and use the brand assets and the provision of in-game advertising inventory over the period of the contract.

The Group identifies the transaction price that relate to the above stated revenue generating activities as follows:

- Revenue from Media contracts; based on the Group's rate card by CPM multiplied by the agreed number of impressions;
- Revenue from Sponsorship contracts; based on the cost set by the game developer. The Group implements a cost plus model for sponsorship;
- Revenue from Licensing contracts; determined by the contract over the duration of the term;
- Revenue from Minimum Guarantee; the minimum guarantee's transaction price is included within the contract.

Revenue Recognition

The Group have applied a practical expedient which allows an entity to apply the accounting for a contract with a customer to a portfolio of contracts with similar characteristics if the entity reasonably expects the effects on the financial statements of applying IFRS 15. The Group have assessed the contracts and is comfortable that the effects on the financial statements of applying IFRS 15 would not differ materially from applying this Standard to the individual contracts (or performance obligations) within that portfolio.

The Company assesses the contract with the customer to identify the separate performance obligations which would consist of an 'access rights' and the 'provision of in-game advertising inventory'. The Company transfer of the in-game advertising inventory sold usually coincides with the delivery of that inventory and the customer being able to utilise it. The Company principally satisfies its performance obligations at that point in time and recognises revenue on delivery.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Revenue Recognition (continued)

The Group recognises a contract asset when revenue has been recognised on satisfying performance obligations but have not yet been billed to the customer. Contract assets relate to impressions that have been delivered but not billed to the customers. Contract liabilities are recognised when the Group has an obligation to transfer goods or services to the customer for which consideration has been received from the customer. Contract liabilities relate to advanced payments from customers against a campaign.

Net finance costs

Finance costs comprise interest on bank loans and other interest payable. Interest on bank loans and other interest is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Finance income comprises interest receivable on loans to related parties. Interest income is recognised in the Statement of Comprehensive Income as it accrues using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is recognised as the amount of corporation tax payable in respect of taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on initial recognition of a business combination, the tax expense/(income) is presented either in the income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to corporation tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.
- Research and Development Tax Credits are recognised as receivables when an inflow of economic benefit is certain, until then a contingent asset in respect of probable Corporation Tax is disclosed.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Valuation of investments

Investment in subsidiary undertakings are accounted for at cost less impairment. Advances to subsidiaries are initially recorded at fair value based on a market rate of interest and subsequently at amortised cost. The difference between funds advanced and fair value is recorded in investments.

Impairment of fixed asset investments

Fixed asset investments are assessed for the presence of impairment indicators, if any indicators are present then an impairment review is conducted. An impairment review of Goodwill is conducted annually, any resulting impairment loss is measured and recognised on a consistent basis.

Leased assets

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement.

An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of Bidstack Group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated impairment losses.

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably, the asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Amortisation is charged on a straight-line basis and is included in administrative expenses through the profit or loss. The rates applicable, which represent the Directors' best estimate of the useful economic life, are:

- Website costs – 5 years
- Trademarks – 10 years
- Brand – 5 years
- Software – 5 years
- Research and Development – 5 years

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Depreciation is provided on all items of property, plant and equipment, so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

- Computer equipment – 33.33% straight line
- Office equipment – 20% straight line

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

The Group classifies all of its financial assets as loans and other receivables. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Financial liabilities

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

Share Capital

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

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted.

As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with fair value of goods and services received.

Functional and presentation currency

Items included in the financial statements of the Group are presented in Pounds Sterling (£) which is also the Parent Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Notes to the financial statements (continued)

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated on historical experience and other factors, including expectations of future events that are believed to be reasonable. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Share-based payments

In order to calculate the charge for share-based compensation as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option-pricing model as set out in note 22.

Impairment review

Impairment testing is carried out for all non-current assets at the year-end date or where there is an indication that impairment exists. For the purposes of impairment testing, the carrying amounts of the non-current assets are reviewed and an impairment loss is recognised where the carrying amounts exceed the assets' recoverable amount.

Expected credit losses (ECLs)

Expected credit losses are shown in note 18. ECLs are determined based on historical data available to management in addition to forward looking information utilising management knowledge. Adequate information exists to support the recoverability of the net receivables balance.

Impairment of Goodwill

The Group records all assets and liabilities acquired in business combinations, including Goodwill, at fair value. Goodwill is not amortised but is subject, at a minimum, to annual tests of impairment. The initial Goodwill recorded, and subsequent impairment review require management to determine appropriate assumptions (which are sources of estimation uncertainty) in relation to cash flow projections, the terminal growth rate and the discount rate used to discount cash flows to present value.

Useful economic lives of intangible and tangible assets

Annual amortisation and depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on cash generating unit performance, technological advances, future investments, economic utilisation and the physical condition of the assets.

Impairment of investment in subsidiary undertakings of the Company

Each year the Company considers whether there are any indications that the investments in its subsidiary undertakings are impaired. Some indications of impairment are both external such as changes in technology and interest rates on the subsidiary undertaking and internal such as losses incurred in the year. In the event indicators of impairment are identified the Group performs stress-tested net cash flow assessments on the forecasted cash flow projections on the subsidiary undertaking and provide for any shortfall in the carry value of the subsidiary undertaking against future cashflow projections

Notes to the financial statements (continued)

3 Critical accounting estimates and judgements (continued)

The timing in recognising revenue from contracts with customers

The Group have revenue generating activities whereby performance obligations are satisfied both at a point in time and satisfied over time.

For revenue that is satisfied over time, which represents revenue generated from Licensing and Azerion Minimum Guarantee ("MG"), the Group assesses the contracts in place between itself and the vendor.

With regards to the Licensing contract, a fixed fee is included in the contract that has been allocated to each distinct good or service, which is recognised over the duration of the contract.

With regards to the MG, the transaction stand-alone price is determined within the contract. This is allocated across the duration of the contract to define the MG applicable in FY2022, FY2023 and FY2024.

The Group ensures that any new contracts with customers are reviewed to ensure that both the timing of satisfaction of performance obligations and the transaction price and the amounts allocated to performance obligations are correct.

For each performance obligation that is satisfied over time, the Group applies a single method of measuring progress towards complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. For the Group, that is the rights to access and use the brand assets and the provision of in-game advertising inventory over the period of the contract.

Revenue recognition from Azerion contract

The Company entered into a contract with Azerion on 16 December 2021 that commenced on 1 March 2022 with a contractual term ending on 29 February 2024. The agreement stated that the Company appointed Azerion as its sole third party provider of reseller services in relation to Bidstack's SDK formats in the territories covered under the agreement.

Included in the contract were prescribed amounts payable for the period 1 March 2022 to 31 December 2022, 1 January 2023 to 31 December 2023 and 1 January 2024 to 29 February 2024. In the event that the cumulative period to date net sales revenue does not exceed the respective cumulative revenue target, Azerion would pay the Company the shortfall amount. In the case that a payment is due, the Company would report to Azerion the Average Media Cost that would typically apply to the shortfall amount and any documented binding minimum guarantee obligations the Company has towards Publishers as a result of the sales shortfall. The difference between the shortfall amount and the Average Media Cost results in the Media Cost Reimbursement which is offset against shortfall amount due to the Company.

The Media Cost Reimbursement is determined by the minimum revenue guarantee shortfall amount less Bidstack's average media cost. This has then been allocated across the duration of the contract to define the MG applicable in FY2022, FY2023 and FY2024.

Notes to the financial statements (continued)

4 Segmental information

During the year ended 31 December 2022 and the year ended 31 December 2021, the Group operated one business segment, that of the provision of native in-game advertising across the US and in EMEA.

The revenue has been segmented based on geographical regions US and EMEA, and by revenue type. This is used by the chief operating decision makers to perform their role.

	31 December 2022	31 December 2021
	£	£
Revenue by Geographical Region		
US	167,627	863,691
EMEA	5,099,528	1,759,722
	5,267,155	2,623,413

The Group's revenue included 1 (2021: 5) customers making up more than 10% each during the year.

	31 December 2022	31 December 2021
	£	£
Revenue by Type		
Customer 1	4,112,331	642,270
Customer 2	-	377,375
Customer 3	-	361,758
Customer 4	-	289,239
Customer 5	-	267,914
All other customers	1,154,824	684,857
Total revenue	5,267,155	2,623,413

The Group recognises a contract asset when revenue has been recognised on satisfying performance obligations but have not yet been billed to the customer. Contract assets relate to impressions that have been delivered but not billed to the customers. Contract liabilities are recognised when the Group has an obligation to transfer goods or services to the customer for which consideration has been received from the customer. Contract liabilities relate to advanced payments from customers against a campaign. Further details of the Group's contract assets and liabilities can be found in Note 18 and Note 20, respectively.

The Group does not ordinarily have returns, refunds or other similar obligations in respect of their performance obligations as the Group's obligations are around the delivery of impressions or a hardcoded customised asset. The Group ensures that the customers are happy to proceed in advance of going live. Should there be a discrepancy between what the customer sees as delivered on their 3rd party verification system and what the Group has billed, a credit note is issued.

As at 31 December 2022, the Group did not have any unsatisfied long-term contracts.

Notes to the financial statements (continued)

5 Loss for the year

	31 December 2022 £	31 December 2021 £
<i>The loss for the year has been arrived at after charging:</i>		
Depreciation of property, plant and equipment	28,765	24,160
Amortisation of Right of use assets	3,360	10,377
Amortisation of intangible assets	71,528	31,195
Equity settled share-based payments	1,192,931	307,408
Premises costs payments	329,830	338,369
Auditors' remuneration (note 7)	80,000	51,000

6 Exceptional items

	31 December 2022 £	31 December 2021 £
Non-recurring regulatory costs	-	124,555
Restructuring costs	-	98,000
	-	222,555

7 Auditors' remuneration

	31 December 2022 £	31 December 2021 £
Fees payable to the Group's Auditors in respect of:		
Audit of the financial statements of the Company	60,000	39,000
Audit of the financial statements of the Company's subsidiaries	20,000	26,500
Other services in relation to the audit	-	5,500
	80,000	71,000

8 Employees and Directors

Staff costs, including Directors, comprise:

	31 December 2022 £	31 December 2021 £
Wages and salaries	5,190,586	4,022,066
Redundancy costs	30,000	50,000
Social security costs	724,107	318,255
Share-based payment expense	1,192,931	307,408
	7,137,624	4,697,727

Notes to the financial statements (continued)
8 Employees and Directors (continued)

Key management compensation

The Directors consider that the key management comprises the Directors of the Group; their emoluments are set out below:

	31 December 2022	31 December 2021
	£	£
Salaries and fees	753,529	782,240
Bonus	226,815	577,473
Pension	5,102	18,223
Share-based payments	856,154	124,343
Total	1,841,600	1,502,279

Highest paid Director

	31 December 2022	31 December 2021
	£	£
Salaries and fees	255,833	310,000
Pension	1,321	1,320
Share-based payments	327,910	11,430
Total	585,064	322,750

9 Finance income and finance costs

	31 December 2022	31 December 2021
	£	£
Other interest receivable and similar income	749	180
Total finance income	749	180

	31 December 2022	31 December 2021
	£	£
Other interest payable	2,998	3,392
Total finance costs	2,988	3,392

Notes to the financial statements (continued)

10 Taxation

Reconciliation of effective tax rate

Tax assessed for the year is lower than (2021: lower than) the standard rate corporation tax of 19% (2021: 19%). The differences are explained below:

	31 December 2022 £	31 December 2021 £
Loss before tax	(8,765,322)	(7,958,471)
Tax using the UK corporation tax rate of 19% (2021: 19%)	(1,665,411)	(1,512,110)
Fixed asset differences	(1,286)	(1,405)
Additional deduction for R&D expenditure	(695,598)	(678,618)
Surrender of tax losses for R&D expenditure	1,230,674	1,200,632
Foreign tax – other	-	(71,745)
Current tax – other	(939,199)	(916,272)
Expenses not deductible for tax purposes other than Goodwill amortisation and impairment	276,523	76,045
Adjustment for prior period	(139,936)	(744,756)
Deferred tax not recognised	855,097	987,202
Total tax credit	(1,079,136)	(1,661,027)

The Group has tax losses of £20,000,031 (2021: loss of £17,114,866) to carry forward against future taxable profits.

No deferred tax asset has been recognised in relation to the trading losses available for offset against future taxable profits. The Group has not recognised deferred tax asset due to there being insufficient evidence of short-term recoverability.

Notes to the financial statements (continued)

11 Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of £7,686,186 (2021: loss of £6,297,444) and the weighted average number of ordinary shares in issue for the year of 1,235,295,798 (2021: 519,507,993). The basic and diluted earnings per share are the same given the loss for the year, making the outstanding share options and warrants anti-dilutive.

12 Intangible assets – Group

	Website costs £	Trademarks £	Software £	Brand £	Goodwill £	R&D £	Total £
Cost							
At 1 January 2021	48,618	1,460	88,205	29,402	168,000	-	335,685
Additions	-	-	-	-	-	-	-
At 31 December 2021	48,618	1,460	88,205	29,402	168,000	-	335,685
Amortisation							
At 1 January 2021	24,574	397	23,069	7,690	-	-	55,730
Charge	9,338	145	16,284	5,428	-	-	31,195
At 31 December 2021	33,912	542	39,353	13,118	-	-	86,925
Cost							
At 1 January 2022	48,618	1,460	88,205	29,402	168,000	-	335,685
Additions	-	-	-	-	-	588,222	588,222
At 31 December 2022	48,618	1,460	88,205	29,402	168,000	588,222	923,907
Amortisation							
At 1 January 2022	33,912	542	39,353	13,118	-	-	86,925
Charge	9,337	146	16,284	5,428	-	40,333	71,528
At 31 December 2022	43,249	688	55,637	18,546	-	40,333	158,453
Net book value							
At 31 December 2022	5,369	772	32,568	10,856	168,000	547,889	765,454
At 31 December 2021	14,706	918	48,852	16,284	168,000	-	248,760

Notes to the financial statements (continued)

13 Goodwill and impairment

Goodwill impairment

Goodwill in the Group is solely allocated the cash-generating unit (CGU) Pubguard Limited ("Pubguard") following the 100% acquisition of the share capital of Pubguard, formally Minimised Media Limited, on 1 August 2019.

Pubguard is an adtech platform to monitor & identify, analyse and remove malicious and/or fraudulent ad traffic from digital environments.

Pubguard's technology naturally complements Bidstack's proprietary technology as the native in-game advertising sector moves towards a fully open marketplace for ad buying/delivery with Pubguard's technology providing additional security for games publishers and developers.

The Group tests goodwill annually for impairment, or more frequently if there are any indications that goodwill might be impaired. For the year ended 31 December 2022, the recoverable amount of the CGU was determined by reviewing the revenue generated solely by the Pubguard technology during the year. In 2022, Pubguard generated £745,000 through the partnership with Azerion (2021: £nil).

The Group is not actively marketing the technology as a standalone product, but it has the potential to generate similar profits to Azerion if/when sold to other partners. This substantiates that the present value of similar revenues exceed the net assets, therefore no impairment is required. Additionally, the company intends to use the technology as a key complementary component in the platform to enable the Group's ability to effectively deliver safe ads. This will allow the Group to maintain and develop the current relationship with our publishers and enable the company to attract additional premium publishers in the future.

The book value of Goodwill as at 31 December 2022 is £168,000. Management believe that the revenue generated via the Pubguard technology for 1 year exceeds the book value and have therefore determined that the Goodwill balance is not impaired and requires no further testing.

Should the Group look to sell the technology, it is the belief of management that the technology will be sold for an amount greater than the goodwill book value based on its revenue generating capabilities.

Notes to the financial statements (continued)

14 Property, plant and equipment – Group

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2021	10,885	45,531	56,416
Additions	2,913	39,378	42,291
At 31 December 2021	13,798	84,909	98,707
Depreciation			
At 1 January 2021	4,201	23,827	28,028
Charge	5,333	18,827	24,160
At 31 December 2021	9,534	42,654	52,188
Cost			
At 1 January 2022	13,798	84,909	98,707
Additions	2,930	35,939	38,869
At 31 December 2022	16,728	120,848	137,576
Depreciation			
At 1 January 2022	9,534	42,654	52,188
Charge	1,642	27,123	28,765
At 31 December 2022	11,176	69,777	80,953
Net book value			
At 31 December 2022	5,552	51,071	56,623
At 31 December 2021	4,264	42,255	46,519

Notes to the financial statements (continued)

15 Lease liability

Nature of leasing activities

Bidstack Group Plc leases several computer equipment assets for its office space. Lease terms are negotiated on an individual basis and contains separate terms and conditions. The Group did not hold any property related long term lease commitments during the year.

	31 Dec 2022 No.	31 Dec 2021 No.
Number of active leases	1	1

Lease liability at year end

	31 Dec 2022 £	31 Dec 2021 £
Non-current		
Lease liability	614	4,180
	614	4,180
Current		
Lease liability	3,546	3,298
	3,546	3,298
Total lease liability	4,160	7,478

Lease liabilities	Computer Equipment £	Total £
At 1 January 2021	8,443	8,443
Additions	10,080	10,080
Interest expense	657	657
Lease payments	(11,702)	(11,702)
At 31 December 2021	7,478	7,478
At 1 January 2022	7,478	7,478
Interest expense	397	397
Lease payments	(3,715)	(3,715)
At 31 December 2022	4,160	4,160

Notes to the financial statements (continued)
14 Lease liability (continued)

Reconciliation of minimum lease payments and the present value of lease liabilities is detailed below:

	31 Dec 2022 £	31 Dec 2021 £
Within 1 year	3,715	3,715
Later than 1 year and less than 5 years	619	4,334
After 5 years	-	-
Total including interest cash flows	4,334	8,049
Less: interest cash flows	(174)	(571)
Present value of lease liabilities	4,160	7,478

Notes to the financial statements (continued)

16 Right of use assets

	Computer equipment £
Cost	
At 1 January 2021	32,535
Additions	10,080
As at 31 December 2021	<u>42,615</u>
Amortisation	
At 1 January 2021	24,958
Charge	10,377
As at 31 December 2021	<u>35,335</u>
Cost	
At 1 January 2022	42,615
Additions	-
At 31 December 2022	<u>42,615</u>
Amortisation	
At 1 January 2022	35,335
Charge	3,360
At 31 December 2022	<u>38,695</u>
Net book value	
At 31 December 2022	<u><u>3,920</u></u>
At 31 December 2021	<u>7,280</u>

Notes to the financial statements (continued)

17 Investments - Company

	Investments in subsidiaries £
Cost	
At 1 January 2021	7,477,841
Additions	
At 31 December 2021	<u>7,477,841</u>
Impairment	
At 1 January 2021	-
Charge	-
At 31 December 2021	<u>-</u>
Cost	
At 1 January 2022	7,477,841
Additions	-
At 31 December 2022	<u>7,477,841</u>
Impairment	
At 1 January 2022	-
Charge	6,101,478
At 31 December 2022	<u>6,101,478</u>
Net book value	
At 31 December 2022	<u>1,376,363</u>
At 31 December 2021	<u>7,477,841</u>

Impairment assessment on Investments

As at 31 December 2022, the Group assessed whether there were any indicators of impairment on the investment balance held in the Bidstack Plc's books.

On 31 December 2022, Bidstack Group Plc had 1,300,855,984 shares in issue that traded as 0.0278p. The market capitalisation was £36,163,796. The Group compared the market capitalisation against the total net assets of Bidstack Group's Plc and concluded that the carrying values were higher.

During the period, the Group received noticed from Azerion purporting to exercise an alleged right to terminate an existing agreement in place that ran to 2024. This resulted in lower than anticipated revenue, and projected revenue for 2023 and 2024.

The Group concluded that both of the above events were impairment indicators, and completed an impairment review of the investment balance.

Notes to the financial statements (continued)

17 Investments - Company (continued)

The Group produced 3 sets of cash flow projections based on a best-case scenario, mid-case scenario and low-case scenario. Each cash flow projection produced by management was based on reasonable and supportable assumptions that represent their best estimate of the economic conditions that will exist over the period assessed.

The Group completed value in use calculations for all 3 scenarios to determine whether an impairment charge was necessary.

Key Assumptions used for the value in use calculation

The value in use was determined by discounting future Group cash flows from 2023-2026. Our key assumptions are as follows:

- Group revenues, cost of sales and direct expenses have been forecasted for years 2023, 2024, 2025 and 2026.
- The growth rate has been calculated using the average of the historic UK GBP growth and historic inflation rate for the years 2018, 2019 and 2021. Long-term growth is assumed at 2.90% p.a.
- Tax rate is assumed at 25% which is in line with the rate in the years we have earnings.
- Capex requirements have been forecasted for the years 2023, 2024, 2025 and 2026.
- WACC has been calculated at 8.63% based on inputs from 31 December 2022.
- The year-end cash balance for 2022 has been added back to the value.

Based on the above assumptions on the best case scenario, a headroom of £14,059,156 was achieved indicating that an impairment of the investments isn't required at 31 December 2022.

The value in use approach was repeated for both the medium-case scenario and low-case scenario. Under the two approaches, the inputs remained the same.

Based on the medium-case scenario, an impairment of £18,099,492 was calculated which indicates an impairment to the investments is required at 31 December 2022.

Based on the low-case scenario, an impairment of £2,492,980 was calculated which indicates an impairment to the investments is required at 31 December 2022.

In determining the impairment charge, management looked at the weighted average cost of the impairment/headroom from the 3 calculations after assigning a probability to them and determined that the impairment charge against the investments for the year is £6,101,478.

Notes to the financial statements (continued)
17 Investments - Company (continued)

Principal subsidiary undertakings of the Company

The subsidiary undertaking of the Company is presented below:

Subsidiaries	Country of incorporation	Registered address	Proportion of ordinary shares held at year end
Bidstack Limited	England and Wales	Wework, The Hewett, 3 rd Floor, 14 Hewett Street, London, EC2A 3NP	100%
Pubguard Ltd	England and Wales	Wework, The Hewett, 3 rd Floor, 14 Hewett Street, London, EC2A 3NP	100%
Bidstack SIA	Latvia	Krisjana Valdemara iela 21 - 11, Riga, Latvia	100%
Bidstack Technologies Ltd	England and Wales	Wework, The Hewett, 3 rd Floor, 14 Hewett Street, London, EC2A 3NP	100%
Bidstack Sports Limited	England and Wales	Wework, The Hewett, 3 rd Floor, 14 Hewett Street, London, EC2A 3NP	100%
Bidstack Inc.	U.S.A	122 South Michigan Avenue, Suite 1390, Chicago, IL 60603	100%

The principal activity of Bidstack Limited is the provision of native in-game advertising.

The principal activity of Pubguard Limited is to provide content security and assurance to cross platform advertisers.

The principal activity of Bidstack SIA is that of computer programming activities.

The principal activity of Bidstack Technologies Ltd is that of providing the white label licensing of the Bidstack Technology.

The principal activity of Bidstack Sports Limited is that of providing sports teams and leagues, real-time control of the advertising and fan engagement spaces within their virtual IP.

The principal activity of Bidstack Inc. is the provision of native in-game advertising in the U.S.A.

Notes to the financial statements (continued)

18 Trade and other receivables

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
Trade receivables	6,857,633	1,269,368	-	-
Contract assets	10,500	-	-	-
Prepayments	1,205,045	174,172	29,208	38,202
Other receivables	307,491	392,225	21,935,518	15,055,819
Corporation tax	939,199	916,271	-	-
	9,319,868	2,752,036	21,964,726	15,094,021

As at 31 December 2022, Other receivables in the Company included an intercompany receivable due from Bidstack Ltd of £17,885,100 (FY21: £13,294,313), an intercompany receivable due from Pubguard Ltd of £138,328 (FY21: £138,306), an intercompany receivable due from Bidstack SIA of £3,107,093 (FY21: £1,578,653) and an intercompany receivable due from Bidstack Inc. of £1,128,920 (FY21: £Nil).

Due to Azerion impacting projected revenues going forward, an expected credit loss has been calculated on the loans due from Bidstack Ltd, Pubguard Ltd and Bidstack SIA to Bidstack Plc. The total expected credit loss is £431,838. The above figures are reflected net of the expected credit loss charge. and has been included in the above figures. The provision has no impact on the consolidated results for the year.

In the year ended 31 December 2022, the Group had total impairment losses recognised in administrative expenses in the statement of comprehensive income of £1,456,235 (2021: £4,690). In December 2021, Bidstack entered into an agreement with Azerion to market, promote and resell Bidstack's inventory. A key component of this agreement was Azerion's commitment to a minimum revenue guarantee in 2022. The relationship with Azerion deteriorated throughout 2022, resulting in the litigation over the amounts owed Bidstack under the agreement. Bidstack management firmly believes that the company will prevail in the litigation with Azerion and will be awarded the full amount owed, not only for amounts outstanding at year-end of 2022, but also the amounts owed for 2023 and 2024. The outcome of the litigation and the extent of Azerion debtor recoverability is uncertain and therefore management feels that it is prudent, due to the inherent risk involved in any litigation, to take a bad debt provision against the amounts owed by Azerion at year-end 2022. Bidstack's external counsel cannot provide the company with a percentage likelihood of a successful outcome. Consequently, Bidstack management has arrived at 30% as a reasonable % to provide.

Notes to the financial statements (continued)
18 Trade and other receivables (continued)

Analysis of trade receivables derived from revenue generated from Bidstack based on the days past due of the invoices:

	Current £	1 – 30 £	31 – 60 £	61 – 90 £	> 90 £	Total Gross £	ECL £	Total Net £
31 December 2022	480,241	74,696	54,850	31,793	162,593	804,173	(19,792)	784,381
31 December 2021	117,545	-	190,612	282,186	50,648	640,991	-	640,991

Analysis of trade receivables derived from revenue generated from Azerion Technology B.V based on the days past due of the invoices:

	Current £	1 – 30 £	31 – 60 £	61 – 90 £	> 90 £	Total Gross £	ECL £	Total Net £
31 December 2022	2,933,129	405,779	1,753,622	-	980,722	6,073,252	-	6,073,252
31 December 2021	628,377	-	-	-	-	628,377	-	628,377

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The trade receivables do not contain a significant financing component as the credit terms offered by the Group to its customers are 45 days. The Group measures ECL based on historical data by determining the historical default rates to be applied to the Group's trade receivables. The Group adjusted the historical default rates to incorporate forward looking information looking at any linear or non-linear relationships that could impact the Group's credit losses. The Group apply those default rates against the trade receivables that have been analysed out into time buckets based on their risk profile to determine the ECL to be applied. The Group separately assesses the trade receivables for any bad debt provisions.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 56 days and therefore are all classified as current. All trade and other receivables are non-interest bearing. The carrying amount of trade and other receivables approximates fair value.

The movements in the ECL allowance for trade receivables are detailed below:

	Year ended 31 December 2022 £
Opening balance	-
Increase in ECL	19,792
Closing ECL allowance	19,792

No ECL allowance is made against other receivables and none have been written off.

Notes to the financial statements (continued)

19 Cash and cash equivalents

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
Cash and cash equivalents	8,662,039	7,086,906	8,249,477	6,746,220

20 Trade and other payables

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
Trade payables	1,984,567	474,661	79,142	87,901
Contract liabilities	197,066	-	-	-
Taxation and social security	136,465	532,822	4,468	6,163
Other payables	258,647	27,778	16,608	1,525
Accruals	5,609,578	1,789,659	181,158	33,781
	8,186,323	2,824,920	281,376	129,370

21 Share capital and reserves

Allotted, called up and fully paid	Ordinary 0.5p shares	Share capital	Share Premium
	No.	£	£
As at 01 January 2022	931,531,573	8,950,048	35,375,326
Issue of placing shares	369,324,411	1,846,622	8,666,373
Cost of raising equity	-	-	(824,780)
As at 31 December 2022	1,300,855,984	10,796,670	43,216,919

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent equal votes at meetings of Shareholders.

The following describes the nature and purpose of each reserve within owner's equity:

Share capital: Amount subscribed for shares at nominal value.

Share premium: Amount subscribed for share capital in excess of nominal value, less costs of share issue.

Share-based payment reserve: The share-based payment reserve comprises the cumulative expense representing the extent to which the vesting period of share options has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

Merger relief reserve: Effect on equity of the consideration shares issued over their nominal value.

Reverse acquisition reserve: Effect on equity of the reverse acquisition of Bidstack Limited.

Notes to the financial statements (continued)
21 Share capital and reserves (continued)

Warrant reserve: The warrant reserve comprises the cumulative expense representing the extent to which the vesting period of warrants has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

Exchange reserve: The exchange reserve represents foreign exchange differences in re-translation.

Retained losses: Cumulative realised profits less cumulative realised losses and distributions made, attributable to the equity Shareholders of the Company.

22 Share options and warrants

Options

The Company operates two equity-settled share-based remuneration schemes for employees, one being the Enterprise Management Incentive ("EMI") Scheme and the other is an unapproved scheme for Executive Directors and certain Senior Management.

A condition attached to both schemes is for the option holder to remain in employment until exercised otherwise the options become forfeited.

	2022		2021	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	61,432,835	0.04	46,382,842	0.11
Granted during the year	20,925,350	0.03	51,503,335	0.03
Forfeited/waived during the year	(7,200,000)	0.02	(36,453,342)	0.14
Exercised during the year	(1,500,000)	0.02	-	-
Total outstanding	73,658,185	0.03	61,432,835	0.04
Total exercisable	14,382,836	0.08	11,799,503	0.09

Notes to the financial statements (continued)
22 Share options and warrants (continued)
Options (continued)

The Black-Scholes model was used for calculating the cost of options. The model inputs for each of the options issued were:

Grant date	8 Dec 22	21 Dec 21	26 July 21
Share price at grant date	0.036	0.0360	0.0193
Exercise prices	0.030	0.0360	0.0200
Risk free rate	3.095%	0.810%	0.610%
Expected volatility	149.28%	127.16%	106.85%
Expected dividend yield	0.00%	0.00%	0.00%
Contractual life	6.5 years	6.5 years	6.5 years

The weighted average contractual life of the options is 6 years and 314 days (2021: 7 years and 175 days).

The expected price volatility is based on the historical volatility (based on the expected life of the options).

Warrants

	2022		2021	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	1,250,001	6p	1,250,001	6p
Lapsed during the year	(1,250,001)	6p	-	-
Total outstanding and exercisable	-	-	1,250,001	6p

The Company granted no warrants during the year ended 31 December 2022.

The charge for the year for warrants and options amounted to £381,720 (2021: £307,409), charged to the statement of comprehensive income.

On 9 December 2022 the Company made an aggregate award of 27,930,000 LTIP awards to Camila Franklin and Jude O'Connor.

For the purposes of the new Long Term Incentive Plan "LTIP" awards, the awards have been made in two categories, each subject to different performance criteria.

For the first set of LTIP awards the Remuneration Committee considered that the most appropriate performance target for the Company at this stage in its development is revenue. The vesting schedule below highlights the details for the achievement of the awards.

Notes to the financial statements (continued)
22 Share options and warrants (continued)

Long-Term Incentive Plan

Revenue % on target	Vesting Schedule % vesting
90 and above	100
Between 75 and 90	50-100 (straight line basis between points)
75	50
Below 75	0

The LTIP awards also include an operating cost element, which, if achieved, can increase the amount of vesting by 10%, in the event the revenue target is missed. Any awards not vesting from Year 1 will be rolled into the Year 2 awards.

The second set of LTIP awards were intended to create circumstances which ought to lead to exceptional returns for the Company and its shareholders. The Remuneration Committee considered that EBITDA was an appropriately more challenging performance condition for the Company at this stage. The vesting schedule below highlights the details for the achievement of the second set of LTIP awards.

EBITDA % on target	Vesting Schedule % vesting
100 and above	100
Between 95 and above	75
90 and above	50
Below 90	0

The LTIP awards to each of the Executives in each set of awards will vest over a three-year period. All of the LTIP awards, when vested, will be exercisable on payment of nominal value only.

Revenue and EBITDA are non-market based vesting conditions and therefore were not considered when calculating the fair value at grant date. The awards are subject to the employees being employed for 3 years, therefore the vesting period is 3 years. In determining the number of shares to vest, the Group projected revenue and EBITDA for three potential outcomes for each year up to 2025 and have taken the weighted probability outcome as the basis for each years assessment. The EBITDA Target for 2022 has been met, however these options are still subject to a service condition from date of grant for three years and as a result will not be fully vested until this service period has elapsed.

The Revenue Target for 2022 has not been met, however any awards not vesting in Year 1 are rolled into the Year 2 award. The EBITDA Target for 2023 is not expected to be met based on management projections so the expected options to vest with respect of these have been trued up to Nil. Management are satisfied that both the Revenue Targets and EBITDA Targets will all other future years are expected be met.

Notes to the financial statements (continued)
22 Share options and warrants (continued)
Long-Term Incentive Plan (continued)

The relevant targets will be set by the Remuneration Committee based on the consensus of market expectations. Notwithstanding the above performance criteria, all of the LTIP awards will vest in the event of a change of control of the Company.

On 21 December 2021 the Company issued 91,000,000 LTIP awards. For the purposes of the new LTIP awards to the Executives and others, the awards have been made in two categorises, each subject to difference performance criteria.

Revenue is the performance target of the first set of LTIP awards. The vesting schedule below highlights the details of the achievement of the awards.

Revenue % on target	Vesting Schedule % vesting
90 and above	100
Between 75 and 90	50-100 (straight line basis between points)
75	50
Below 75	0

The LTIP awards also include an operating cost element which, if achieved, can increase the amount of vesting 10%, in the event the revenue target is missed. Any awards not vesting from Year 1 will be rolled into the Year 2 award.

EBITDA- Earnings Before Interest, Tax, Depreciation and Amortisation is the performance target of the second set of LTIP awards. The vesting schedule below highlights the details of the achievement of the awards.

EBITDA % on target	Vesting Schedule % vesting
100 and above	100
Between 95 and above	75
90 and above	50
Below 90	0

The LTIP awards to each of the Executives in each set of awards will vest over a three-year period. All of the LTIP awards, when vested, will be exercisable on payment of nominal value only.

Notes to the financial statements (continued)
22 Share options and warrants (continued)
Long-Term Incentive Plan (continued)

	2022	Weighted Average Exercise Price £	2021	Weighted Average Exercise Price £
	Number		Number	
Outstanding at the beginning of the year	91,000,000	0.05	-	-
Granted during the year	27,930,000	0.05	91,000,000	0.05
Forfeited/waived during the year	(12,000,000)	0.01		
Total outstanding	106,930,000	0.05	91,000,000	0.05
Total exercisable	-	-	-	-

The weighted average contractual life of the options is 2 years and 343 days (2021: 2 years and 356 days).

The Black-Scholes model was used for calculating the fair value of the LTIP options at grant date. The model inputs for each of the options issued were:

Grant date	21 Dec 21	8 Dec 22
Share price at grant date`	£0.0360	£0.0300
Exercise prices	£0.005	£0.005
Risk free rate	0.810%	3.095%
Expected volatility	127.16%	149.28%
Contractual life	6.5 years	6.5 years

The expected price volatility is based on the historical volatility (based on the expected life of the options).

23 Premises costs commitments

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
Within one year	263,500	336,680	-	-
More than one year	52,700	-	-	-
	316,200	336,680	-	-

24 Financial instruments

The Group's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and foreign currency risk. The Group's activities also expose it to non-financial risks: market risk. The Group's overall risk management programme seeks to minimise the potential adverse effects on the Group's financial performance. The Board, on a regular basis, reviews key risks and, where appropriate, actions are taken to mitigate the key risks identified.

The significant accounting policies regarding financial instruments are disclosed in note 2.

Financial Instruments – Risk Management

The Group is exposed through its operations to the following risks:

- Capital risk
- Credit risk
- Liquidity risk
- Market risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates from the CFO through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce as far as possible without unduly affective the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Notes to the financial statements (continued)
24 Financial instruments (continued)

a) Categories of financial instruments

Financial assets

Financial assets measured at amortised cost comprise trade receivables, other receivables and cash, as follows:

	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£	£	£	£
Trade receivables	6,857,633	1,269,368	-	15,011,273
Other receivables	307,491	316,215	15,000	15,000
Cash and cash equivalents	8,662,039	7,086,906	8,249,477	6,746,203
Total financial assets	15,827,163	8,672,489	8,264,477	21,772,476

Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, other payables and accruals, as follows:

	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£	£	£	£
Trade payables	1,984,566	474,661	79,142	87,901
Other payables	213,773	9,440	15,526	1,524
Accruals	5,609,578	1,789,659	151,159	33,781
Total financial liabilities	7,807,917	2,273,760	245,827	123,206

There is no significant difference between the fair value and the carrying value of financial instruments.

Notes to the financial statements (continued)
24 Financial instruments (continued)

b) Financial risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The main financial risks arising from the Group's and Company's financial instruments are market risk, credit risk and liquidity risk.

Capital risk management

The capital structure of the business consists of cash and cash equivalents, debt and equity. Equity comprises share capital, share premium, retained losses and other reserves and is equal to the amount shown as 'Equity' in the balance sheet. Debt comprises various items which are set out in further detail above and in note 19.

The Group's current objectives when maintaining capital are to:

- Safeguard the Group's ability to operate as a going concern so that it can continue to pursue its growth plans.
- Provide a reasonable expectation of future returns to Shareholders.
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long-term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets.

Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure and the Group holds no collateral.

For the Group, the credit risk arises primarily from the following financial instruments:

(i) Cash balances held at banks

The risk is mitigated by using only reputable financial institutions with a high credit rating of at least BBB+ and spreading its cash balance across multiple unconnected banks.

(ii) Trade receivables.

The Board recognises that having a focus of revenue within one or few clients represents a clear counterparty concentration of risk and is incentivised to diversify the Group's customer base to mitigate this. Management regularly monitor the credit risk exposure to the Group's largest customers, defined as customers who are expected to contribute over 10% of the Group's revenue to ensure adherence to agreed payment terms. There was one such significant customer in the year ended 31 December 2022 (2021: 5) further outlined in Note 4.

Notes to the financial statements (continued)

24 Financial instruments (continued)

Credit risk (continued)

(ii) Trade receivables. (continued)

The receivables' aging analysis is evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information.

Specific provisions are taken for receivables that management considers to be doubtful in addition to an expected credit loss model applied. In the application of this model, debtors are combined into ageing brackets with a historic loss rate applied, this loss rate takes in account a risk premium based on the estimated impacts of macroeconomic factors. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company is additionally exposed to credit risk on the intercompany balances with its subsidiaries. In particular, the Company has made unsecured interest free loans to Bidstack Limited which stood at £17,885,100 at 31 December 2022 (2021: £13,294,313) and is repayable on demand. The Board evaluates the recoverability of the intercompany receivables based on the projected cash flows of the entity and as disclosed in Note 18 a provision for expected credit losses has been made during the year.

Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. However, the Group continues to absorb cash in its operations for the time being and management recognises the risk of insufficient cash and capital to carry on its activities and safeguard the Group's ability to continue as a going concern.

The Board receives cash flow projections on a regular basis, which are monitored regularly. The Board will not commit to material expenditure in respect of its ongoing development programme prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes. Regular reviews will ensure that further steps will be taken if necessary.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This risk comprises currency risk and interest rate risk.

Notes to the financial statements (continued)
24 Financial instruments (continued)

Foreign Currency risk

The Group operates internationally and is exposed to foreign currency risk arising on cash and cash equivalents and receivables denominated in a currency other than the functional currency. The currencies in which these transactions primarily are denominated are US Dollar (USD), Euros (EUR) and Dirham (AED).

The following balances held in foreign currency at the reporting date are:

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
AED	38,382	-	-	-
EUR	1,167,602	27,639	72,177	22,796
USD	5,632,175	11,110	(36,590)	-
Total net exposure	6,838,159	38,749	35,587	22,796

Sensitivity analysis

A 5 per cent strengthening of sterling against the respective currencies at 31 December 2022 would have decreased equity and profit and loss by the amounts shown below:

Group

	Profit and loss		Equity	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
AED	(1,919)	-	(1,919)	-
EUR	(58,380)	(1,382)	(58,380)	(1,382)
USD	(281,609)	(556)	(281,609)	(556)
Total net exposure	(341,908)	(1,938)	(341,908)	(1,938)

Company

	Profit and loss		Equity	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
AED	-	-	-	-
EUR	(3,609)	(1,140)	(3,609)	(1,140)
USD	1,830	-	1,830	-
Total net exposure	(1,779)	(1,140)	(1,779)	(1,140)

Notes to the financial statements (continued)

24 Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates. The exposure to this risk is not considered as the Company and Group have no external borrowing and are not relying on interest income for funding.

25 Related parties

Transactions with subsidiaries

During the year, cash advances of £5,536,224 (2021: £4,493,176) were made to Bidstack Ltd and incurred net costs of £945,437 that were paid on behalf by the Company (2021: £1,229,093). The advances are held on an interest free Inter-Group loan which has no terms for repayment. At the year end the Inter-Group loan amounted to £17,885,100 (2021: £13,294,313).

During the year, cash advances of £Nil (2021: £Nil) and repayments of £Nil (2021: £7,500) were made to Pubguard Ltd. Net costs were incurred of £22 that were paid on behalf by the Company (2021: £5,158). The advances are held on an interest free Inter-Group loan which has no terms for repayment. At the year end the Inter-Group loan amounted to £138,328 (2021: £138,306).

During the year, net costs were incurred of £1,528,440 by Bidstack SIA that were paid on behalf of the Company (2021: £1,416,812). The advances are held on an interest free Inter-Group loan which has no terms for repayment. At the year end the Inter-Group loan amounts to £3,107,093 (2021: £1,578,653).

During the year, net costs were incurred of £1,128,920 by Bidstack Inc. that were paid on behalf of the company (2021: £Nil). The advances are held on an interest free Inter-Group loan which has no terms for repayment. At the year end the Inter-Group loan amounts to £1,128,920 (2021: £Nil).

Transactions with other related parties

Francesco Petruzzelli, Director, claimed £38,389 (2021: £16,133) from the Company for reimbursement of expenses for the year. As at 31 December 2022, £Nil (2021: £Nil) was due to Mr Petruzzelli from the Company.

James Draper, Director and Chief Executive Officer, claimed £Nil from the Company for reimbursement of expenses for the year (2021: £791). As at 31 December 2022, £Nil (2021: £Nil) was owing to Mr Draper.

Neider Investments, a common entity under the control of Director Bryan Neider, invoiced the Company £Nil (2021: £24,892). As at 31 December 2022, £Nil (2021: Nil) was owing to Neider Investments.

26 Post period end events

In June 2023, the Company implemented a prudent cost efficiency and restructuring programme to reduce the monthly cash burn following a comprehensive business review to adapt to the current macro environment. The Company is focused on revenue generation through maximising output from existing resources and preserving cash.

