

Registered number: 06411859 (England and Wales)

**MEDIASIFT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



## **MEDIASIFT LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	M D Hernandez C McLeland
<b>Company secretary</b>	OHS Secretaries Limited
<b>Registered number</b>	06411859
<b>Registered office</b>	9th Floor 107 Cheapside London England EC2V 6DN
<b>Independent auditors</b>	F&L Corporate Reporting Services Limited Chartered Accountants and Statutory Auditors New Penderel House 4th Floor 283-288 High Holborn London United Kingdom WC1V 7HP

## **MEDIASIFT LIMITED**

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## **MEDIASIFT LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Introduction**

The directors present their report for the year ended 31 December 2017.

The results indicated in this Strategic Report reflect the financial statements of Mediasift Limited and do not represent the consolidated results of the group of which it is a member.

#### **Principal activities**

*The Company is a cloud-based service provider that has developed a technology platform to collect, perform and filter large volumes of data. The Company is also a re-syndicator of data and aggregates sources of public, social and other data. The Company's service is sold through subscription to the platform. The platform allows customers to derive value from social and other data by creating filters through the platform's application programming interface to deliver data based on keywords, location, sentiment, influence and other meta-data attached to the data and analysing such data real-time.*

#### **Review of the business and key performance indicators**

The Company's 2017 revenue declined from 2016 due to a challenging product transition which started in 2015 and continued through 2017. In December 2017 the Company decreased headcount to align costs with current and projected revenue. Business development continues as the Company is continually seeking new data sources and collaborative agreements with partners, and engineering investment is a significant focus for product development and technology advancement.

The Company does engage in research and development (R&D) work and applies for the HMRC R&D Relief Scheme to receive tax credits for such expenses incurred.

Directors and senior management monitor the financial performance of the business and consider the key performance indicators of the business to be monthly recurring revenue, gross margin and operating cash flow.

Turnover was £7,720,333 and £10,738,193 as of 31 December 2017 and 2016, respectively, and gross margin was 66.1% and 64.5% as of 31 December 2017 and 2016, respectively. Cash in hand was £213,509 and £652,027 as at 31 December 2017 and 2016, respectively.

The increased profit generated in 2017 was largely as a result of gains on foreign exchange transactions, which were £4,713,208 in 2017 compared to a £8,798,906 loss in the prior year.

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

The Company's primary business risk is product development and market and customer adoption. We hope to address such concerns by ensuring continued innovation in advance of any potential competition regarding large volume data filtering technology and expanding data sources to provide increasing value to and meet the needs of its customers.

**MEDIASIFT LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Other information**

In January 2018 Meltwater U.S. Holdings, Inc. ("Meltwater US") entered into a merger agreement under which Meltwater US acquired the Company and its parent Datasift, Inc. Acquisition was closed on January 3, 2018 and since then Mediasift Limited have become a subsidiary of Meltwater US.

This report was approved by the board and signed on its behalf.

  
.....  
M D Hernandez  
Director

Date: 09/24/2018

## **MEDIASIFT LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017. In accordance with s414c (1) of the Companies Act 2006, certain information that is required to be included in the Directors' Report has otherwise been provided in the Strategic Report. These items are principal risks and uncertainties as well as the principal activities of the Company.

#### **Directors**

The directors who served during the year were:

T Barker (resigned 3 January 2018)  
R Ehrenberg (resigned 3 January 2018)  
R O'Driscoll (resigned 3 January 2018)  
S C Pease (resigned 3 January 2018)  
S Phillips (resigned 3 January 2018)  
C A Smart (resigned 3 January 2018)  
M S Suster (resigned 3 January 2018)

The following directors were appointed after the period end but prior to the approval of the Directors' Report:

M D Hernandez (appointed 3 January 2018)  
C McLeland (appointed 3 January 2018).

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,283,573 (2016 - loss £15,499,067).

No ordinary dividends were paid or payable (2016: £Nil).

#### **Future developments**

The Company intends to continue development of Human Data Intelligence based products and technology services that will allow the Company to more easily add distinct types of data sources to the ones its products currently rely on. We hope these developmental efforts will improve product's competitive position.

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

**MEDIASIFT LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Directors' responsibilities statement**

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

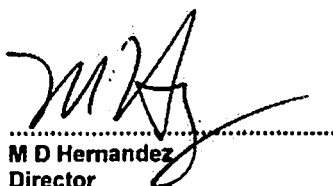
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies 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.

**Post balance sheet events**

In January 2018 Datasift, Inc., and Meltwater U.S. Holdings, Inc. ("Meltwater US") entered into a merger agreement under which Meltwater US acquired Datasift, Inc., and Mediasift Limited. Total cash consideration paid to the sellers of Datasift, Inc., was \$9.7 million. Acquisition was closed on 3 January 2018 and since then Datasift, Inc., and Mediasift Limited have become wholly owned subsidiaries of Meltwater US.

There were no other adjusting or non-adjusting events occurring between the end of the reporting period and the date these financial statements were approved.

This report was approved by the board and signed on its behalf.

  
.....  
M D Hernandez  
Director

Date: 09/24/2018

## **MEDIASIFT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEDIASIFT LIMITED**

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#### **Opinion**

We have audited the financial statements of Mediasift Limited (the 'Company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Material uncertainty related to going concern**

We draw attention to note 2.1 in the financial statements, which indicates that the Company's ability to continue as a going concern is reliant on continued support from its parent company. As stated in note 2.1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **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 Auditors' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## **MEDIASIFT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEDIASIFT LIMITED (CONTINUED)**

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#### **Opinion 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**MEDIASIFT LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEDIASIFT LIMITED (CONTINUED)**

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**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 Auditors' 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.

*F&L Corporate Reporting Services Limited*

Louise Morriss ACA FCCA (Senior Statutory Auditor)  
for and on behalf of  
**F&L Corporate Reporting Services Limited**  
**Chartered Accountants and Statutory Auditors**  
New Penderel House  
4th Floor  
283-288 High Holborn  
London  
United Kingdom  
WC1V 7HP

Date: *24<sup>th</sup> September 2018*

**MEDIASIFT LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	7,720,333	10,738,193
Cost of sales		(2,738,588)	(3,808,577)
<b>Gross profit</b>		<b>4,981,745</b>	<b>6,929,616</b>
Administrative expenses		(3,206,534)	(22,945,593)
<b>Operating profit/(loss)</b>	5	<b>1,775,211</b>	<b>(16,015,977)</b>
Bank and other interest receivable		-	1
Interest payable and similar expenses	9	(543,814)	(373,006)
<b>Profit/(loss) before tax</b>		<b>1,231,397</b>	<b>(16,388,982)</b>
Tax on profit/(loss)	10	52,176	889,915
<b>Profit/(loss) for the financial year</b>		<b>1,283,573</b>	<b>(15,499,067)</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the profit and loss account.

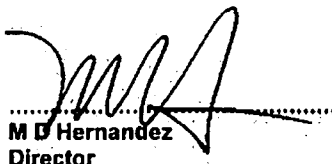
The notes on pages 13 to 27 form part of these financial statements.

**MEDIASIFT LIMITED**  
**REGISTERED NUMBER:06411859**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	As restated 2016 £
<b>Fixed assets</b>			
Intangible assets	11	359,961	634,391
Tangible assets	12	34,638	352,219
		<u>394,599</u>	<u>986,610</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	1,649,805	3,937,580
Cash at bank and in hand		213,509	652,027
		<u>1,863,314</u>	<u>4,589,607</u>
Creditors: amounts falling due within one year	14	(40,901,289)	(33,857,062)
<b>Net current liabilities</b>		<u>(39,037,975)</u>	<u>(29,267,455)</u>
<b>Total assets less current liabilities</b>		<u>(38,643,376)</u>	<u>(28,280,845)</u>
Creditors: amounts falling due after more than one year	15	(12,820,864)	(24,466,968)
<b>Net liabilities</b>		<u><u>(51,464,240)</u></u>	<u><u>(52,747,813)</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1,988	1,988
Share premium account		984,561	984,561
Profit and loss account		(52,450,789)	(53,734,362)
		<u><u>(51,464,240)</u></u>	<u><u>(52,747,813)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**M D Hernandez**  
**Director**

Date: 09/24/2018

The notes on pages 13 to 27 form part of these financial statements.

**MEDIASIFT LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
<b>At 1 January 2016</b>	<b>1,988</b>	<b>984,561</b>	<b>(38,235,295)</b>	<b>(37,248,746)</b>
Loss for the year	-	-	(15,499,067)	(15,499,067)
<b>At 1 January 2017</b>	<b>1,988</b>	<b>984,561</b>	<b>(53,734,362)</b>	<b>(52,747,813)</b>
Profit for the year	-	-	1,283,573	1,283,573
<b>At 31 December 2017</b>	<b>1,988</b>	<b>984,561</b>	<b>(52,450,789)</b>	<b>(51,464,240)</b>

The notes on pages 13 to 27 form part of these financial statements.

**MEDIASIFT LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	1,283,573	(15,499,067)
<b>Adjustments for:</b>		
Amortisation of intangible assets	896,168	861,049
Depreciation of tangible assets	317,582	552,271
Loss on disposal of tangible assets	-	1,549
Interest received	-	(1)
Taxation credit	(52,176)	(889,915)
Decrease in debtors	1,167,342	178,249
(Decrease) in creditors	(1,609,142)	(204,997)
(Decrease)/increase in amounts owed to groups	(2,992,735)	11,182,754
R&D tax credit received	1,172,609	1,023,316
Foreign exchange	(4,713,208)	8,798,961
<b>Net cash generated from operating activities</b>	<b>(4,529,987)</b>	<b>6,004,169</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(621,739)	(931,968)
Purchase of tangible fixed assets	-	(3,333)
Sale of tangible fixed assets	-	2,640
Interest received	-	1
<b>Net cash from investing activities</b>	<b>(621,739)</b>	<b>(932,660)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,151,726)</b>	<b>5,071,509</b>
Cash and cash equivalents at beginning of year	652,027	4,379,479
Foreign exchange gains and losses	4,713,208	(8,798,961)
<b>Cash and cash equivalents at the end of year</b>	<b>213,509</b>	<b>652,027</b>

**MEDIASIFT LIMITED**

**STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	2017 £	2016 £
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	213,509	652,027
	<u>213,509</u>	<u>652,027</u>
	<u><u>213,509</u></u>	<u><u>652,027</u></u>

The notes on pages 13 to 27 form part of these financial statements.

Certain items within the Statement of Cash Flows have been reclassified in the prior year in order to provide a clear understanding of the cash flow movements.

## **MEDIASIFT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **1. General information**

Mediasift Limited is a private company limited by shares and incorporated in the United Kingdom. The registered office address is 9th Floor, 107 Cheapside, London, United Kingdom, EC2V 6DN.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

##### **Going concern**

The financial statements have been prepared on the going concern basis as the ultimate parent company, Meltwater Holding B.V., has indicated its continued financial support of the Company. Should this support be withdrawn and the Company unable to fulfil its own working capital requirements then all of the Company's assets would have to be restated at their net realisable values and its liabilities would have to be treated as falling due on demand.

The following principal accounting policies have been applied:

##### **2.2 Turnover**

###### **Revenue recognition**

The Company derives revenue primarily from subscription, licensed data, processing, and customer success services ("CSS"). The Company commences revenue recognition when all of the following criteria are met:

- there is persuasive evidence of an arrangement;
- the service has been provided to the customer;
- the amount of fees to be paid by the customer is fixed or determinable; and
- collection of the fees is reasonably assured.

###### **Subscription**

Subscription revenue consists of subscription plan based access to the platform, which allows customers to access up to a certain amount of processing time and data per month. Subscription terms vary but generally have non-cancelable terms of six months to one year. Subscription revenues are recognised on a straight line basis over the contractual term of the arrangement and generally begin on the date that the service is made available to the customer. Amounts that have been invoiced are recorded in deferred income or turnover, depending on whether the revenue recognition criteria have been met. New customer subscription contracts are often sold together with CSS, and revenue is allocated to the subscription and CSS elements using the best estimate of selling price method.

###### **Licensed Data**

The Company has license contracts with certain data source providers to purchase, cleanse, and enhance social data that is then filtered and accessed by customers through the platform. Licensed data revenues represent amounts charged to customers and are recognised as this data is provided



## MEDIASIFT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.2 Turnover (continued)

to customers. The determination of whether license data revenues should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in the transaction. In determining whether the Company acts as the principal or an agent, the Company follows the accounting guidance for principal agent considerations. While none of the factors identified in this guidance is individually considered presumptive or determinative, because the Company is the primary obligor and is responsible for (i) identifying and contracting with third party data source providers, (ii) establishing pricing of licensed data, (iii) cleansing and enhancing the source data, (iv) bearing sole responsibility for making the data available and accessible to the customer, and (v) performing all billing and collection activities including retaining credit risk, the Company acts as the principal in these arrangements and therefore reports revenue earned and costs incurred on a gross basis.

##### Processing

Platform usage is determined through Data Processing Units ("DPU"), which is a time unit of measurement based on the complexity and time length to create and run a data filter. Processing revenue consists of platform usage resulting from subscription customers that have exceeded their monthly DPU allotment. Processing revenue is recognised upon consumer usage.

##### Customer Success Services

CSS consists of new customer account onboarding, training, professional services consulting and technical support. Customer onboarding and technical support are recognized over the contract term while training and professional services consulting revenue is recognised as provided.

##### 2.3 Cost of sales

Cost of sales primarily consists of costs related to providing and maintaining platform access and services, such as server hosting expenses, server and capitalised development expenditure depreciation and amortisation, licensed data costs, and customer service personnel costs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.4 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Capitalised development expenditure	-	1	year
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Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design, engineering or testing of the new or substantially improved products or processes. The expenditure capitalised includes the cost of internal direct labour. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation of capitalised development expenditure is charged to the profit and loss account on a straight-line basis over its estimated useful life, which is generally one year.

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings	-	5	years
Computer equipment	-	3	years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**2.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.9 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.10 Finance costs**

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## **MEDIASIFT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **2. Accounting policies (continued)**

##### **2.11 Share based payments**

All share based payments to employees are measured based on the grant date fair value of the awards and are recognised in the Profit and Loss Account and shareholder's deficit over the period during which the employee is required to perform services in exchange for the award (generally the vesting period of the award.) The Company estimates the fair value of stock options granted using the Black Scholes option valuation model.

Compensation expense for non-employee stock options is calculated using the Black Scholes option pricing model and is recorded as the options vest. Options subject to vesting are required to be periodically revalued over their service period, which is generally the same as the vesting period.

Compensation expense for all employee and non-employee stock options is recorded as a stock-based compensation expense with a corresponding amount owed to group undertakings, as this expense is recharged by the parent. The treatment of the corresponding amount being recognised as a liability as opposed to within reserves is considered to be a departure from FRS 102. The directors believe that the treatment adopted more appropriately reflects the substance of the transaction given that the parent company expects these costs to be reimbursed to them by the Company. The value of said balances can be seen in Note 14. If the directors were to follow the FRS 102 interpretation these balances would decrease the Company's creditors and shareholder's deficit.

##### **2.12 Share premium account**

Share premium account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

##### **2.13 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

##### **2.14 Pensions**

###### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**MEDIASIFT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.15 Taxation**

Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

In connection with the Research and Development Relief tax laws in the UK, the Company applies to HMRC to receive a tax credit in the form of a cash receipt for certain research and development expenditures in lieu of carrying forward losses incurred as a result of such expenditures for tax benefit purposes. The Company records the estimated credit in the Profit and Loss Account.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are addressed below:

**Amortisation rate of capitalised development expenditure**

The directors have reviewed the asset lives and associated residual value of the capitalised development expenditure and have concluded that a useful life of one year is appropriate. This assessment is based on historic experience together with factors such as technological innovation and product life cycles.

**Depreciation of tangible fixed assets**

The directors have reviewed the assets lives of tangible fixed assets and concluded that the useful life estimates are appropriate given other industry information and historic experience.

**Recoverability of trade debtors**

Management are required to assess the recoverability of trade debtors on a continuing basis. Provisions for bad debt are made based on current recovery analysis and historic experience.

**Research and development tax credits**

Tax credits are recognised to the extent that they are deemed receivable. This is based on the work of experts and evidence supplied by industry professionals.

**MEDIASIFT LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****4. Turnover**

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Subscriptions	6,498,654	9,105,419
Licensing	1,001,831	1,102,443
PAYG and other income	219,848	530,331
	<u>7,720,333</u>	<u>10,738,193</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	1,544,068	1,718,111
USA and Canada	5,172,622	5,906,006
Rest of the world	1,003,643	3,114,076
	<u>7,720,333</u>	<u>10,738,193</u>

**5. Operating profit/(loss)**

The operating profit/(loss) is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	317,582	552,271
Amortisation of capitalised development expenditure	896,168	861,049
Exchange differences	(4,713,210)	8,798,906
Other operating lease rentals	383,574	504,936
	<u>383,574</u>	<u>504,936</u>

**6. Auditors' remuneration**

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>30,950</u>	<u>25,000</u>

**MEDIASIFT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	1,882,919	3,753,127
Social security costs	312,724	605,055
Cost of defined contribution scheme	20,822	29,491
	<u>2,216,465</u>	<u>4,387,673</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
No. of employees	<u>30</u>	<u>60</u>

**8. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	285,556	266,442
Directors' national insurance	39,669	30,675
Directors' pension costs - defined contribution schemes	1,968	1,881
	<u>327,193</u>	<u>298,998</u>

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £285,167 (2016 - £236,105).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,968 (2016 - £1,881).

**MEDIASIFT LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****9. Interest payable and similar expenses**

	2017 £	2016 £
Loans from group undertakings	543,814	373,006
	<u>543,814</u>	<u>373,006</u>

**10. Taxation**

	2017 £	2016 £
Corporation tax		
Research and development relief reclaim	(52,176)	(889,915)
	<u>(52,176)</u>	<u>(889,915)</u>
Total current tax	<u>(52,176)</u>	<u>(889,915)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(52,176)</u>	<u>(889,915)</u>



**MEDIASIFT LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****10. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year the standard rate of corporation tax in the UK of 19.25% (2016 - 20%).  
The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<u>1,231,397</u>	<u>(16,388,982)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	237,044	(3,277,796)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	147,579	-
Capital allowances for year in excess of depreciation	37,780	80,119
Unrelieved tax losses carried forward	69,268	2,701,661
All other short term timing differences	11,314	(89,603)
Losses surrendered for R&D claim	-	1,227,469
Benefit of enhanced R&D deduction	(520,657)	(693,787)
All other permanent differences	17,672	51,937
R&D tax reclaim	(52,176)	(889,915)
Total tax charge for the year	<u>(52,176)</u>	<u>(889,915)</u>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

As of 31 December 2017 and 2016, the Company had approximately £39,805,759 and £43,290,167 respectively of net operating loss carry forwards available to offset against future taxable income. The net operating loss carry forwards do not expire and may be carried forward indefinitely. The Company does not recognise a deferred tax asset for these loss carry forwards as at 31 December 2017 and 2016 as they do not meet recognition criteria.

**MEDIASIFT LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****11. Intangible assets**

	Capitalised development expenditure £
<b>Cost</b>	
At 1 January 2017	1,935,682
Additions - internal	621,739
Disposals	(83,275)
At 31 December 2017	<u>2,474,146</u>
<b>Amortisation</b>	
At 1 January 2017	1,301,291
Charge for the year	896,168
On disposals	(83,275)
At 31 December 2017	<u>2,114,184</u>
<b>Net book value</b>	
At 31 December 2017	<u>359,962</u>
At 31 December 2016	<u>634,391</u>

All research and development expenditure incurred during the year were capitalised as an intangible asset.

**MEDIASIFT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**12. Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2017	30,660	2,721,780	2,752,440
At 31 December 2017	30,660	2,721,780	2,752,440
<b>Depreciation</b>			
At 1 January 2017	20,619	2,379,602	2,400,221
Charge for the year on owned assets	3,341	314,241	317,582
At 31 December 2017	23,960	2,693,843	2,717,803
<b>Net book value</b>			
At 31 December 2017	6,700	27,937	34,637
At 31 December 2016	10,041	342,178	352,219

**13. Debtors**

	2017 £	2016 £
Trade debtors	461,718	1,747,243
Other debtors	195,802	103,094
Prepayments and accrued income	50,291	24,816
Corporation tax	941,994	2,062,427
	<u>1,649,805</u>	<u>3,937,580</u>

**MEDIASIFT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. Creditors: Amounts falling due within one year**

	2017 £	As restated 2016 £
Trade creditors	142,435	32,578
Amounts owed to group undertakings - other	38,220,687	29,655,869
Amounts owed to group undertakings - share based payments	1,095,315	1,006,764
Accruals and deferred income	1,442,852	3,161,851
	<u>40,901,289</u>	<u>33,857,062</u>

**15. Creditors: Amounts falling due after more than one year**

	2017 £	As restated 2016 £
Amounts owed to group undertakings	12,820,864	24,466,968
	<u>12,820,864</u>	<u>24,466,968</u>

Amounts falling due after more than one year comprise several loan notes which are repayable at various dates on or before 20 November 2020. Interest is charged at an average of 1.85% (2016: 1.29%).

**16. Debt financing facility**

Effective 20 March 2014, the Company executed, as a co-borrower with its parent company, a debt financing facility (Debt Facility). The Debt Facility is a line of credit, which had a maturity date of 24 months and bears interest at a floating per annum rate equal to the Prime Rate as reported by The Wall Street Journal + 1.00%. The Debt Facility is collateralized by all assets of the Company and there are no financial covenants. During the year the parent company executed an amendment to the Debt Facility which extended the maturity date. The total secured liability is US\$9,999,999 as of 31 December 2017. This was repaid in full and the associated charge was fully satisfied on 3 January 2018 prior to the extended maturity date.

**17. Share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
1,704,788 A Ordinary shares of £0.001 each	1,705	1,705
283,340 B Ordinary shares of £0.001 each	283	283
	<u>1,988</u>	<u>1,988</u>

# MEDIASIFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 18. Share based payments

In June 2011, the Company's parent company Board of Directors adopted the 2011 Stock Plan, in which UK employees participate. The 2011 Stock Plan provides for the issuance of stock options, warrants and restricted stock to the Company's employees, directors and consultants. Options issued under the 2011 Stock Plan generally are exercisable for periods not to exceed ten years, generally vest over four years with a one-year cliff vesting for the employees' first year of employment and are generally issued at exercise prices equal to the fair value of the shares of the parent company's common stock on the date of grant as determined by the Board of Directors.

All share-based payments to employees are measured based on the grant-date fair value of the awards and recognised as a share option expense in the statement of profit and loss over the period during which the employee is required to perform services in exchange for the award, which is generally the vesting period of the applicable award.

If an optionee's service relationship with the Company ceases for any reason other than disability or death, the optionee has 40 days after the date of such termination to exercise the vested portion of any options. If an optionee's service relationship with the Company ceases due to death, the option may be exercised within twelve months following the termination date. In no event may an option be exercised beyond the expiration of its contractual term.

	Weighted average exercise price (pence) 2017	Number 2017	Weighted average exercise price (pence) 2016	Number 2016
Outstanding at the beginning of the year	0.70	2,778,466	0.69	3,222,965
Granted during the year	-	-	1.51	160,550
Exercised during the year	-	-	0.33	(18,000)
Cancelled during the year	-	-	0.77	(587,049)
<b>Outstanding at the end of the year</b>	<b>0.71</b>	<b>2,778,466</b>	<b>0.70</b>	<b>2,778,466</b>

	2017 Black- Scholes	2016 Black- Scholes
Option pricing model used		
Weighted average contractual life (years)	5.90 - 6.90	5.565 - 5.567
Expected volatility	53.20% - 55.90%	49.11% - 49.14%
Risk-free interest rate	1.47% - 1.48%	1.59% - 1.68%

The expected volatility is based on the historical volatility of the Company's parent company's peer group's stock prices.

**MEDIASIFT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**19. Commitments under operating leases**

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than one year	181,020	329,312
	<u>181,020</u>	<u>329,312</u>

**20. Controlling party**

The Company's immediate and ultimate parent company and its ultimate controlling party as at 31 December 2017 was considered to be Datasift, Inc., a company incorporated in the United States of America (USA) and located at 505 Montgomery Street 11th Floor, San Francisco, CA 94111 USA.

The smallest and largest group into which the results of the Company are consolidated is that headed by Datasift, Inc.

**21. Prior year adjustment**

A prior year adjustment was made to reclassify £24,466,968 of amounts owed by group undertakings to falling due after more than one year. There was no impact on the profit and loss reserves.

**22. Post balance sheet events**

In January 2018 Datasift, Inc., and Meltwater U.S. Holdings, Inc. ("Meltwater US") entered into a merger agreement under which Meltwater US acquired Datasift, Inc., and Mediasift Limited. Total cash consideration paid to the sellers of Datasift, Inc., was \$9.7 million. Acquisition was closed on 3 January 2018 and since then Datasift, Inc., and Mediasift Limited have become wholly owned subsidiaries of Meltwater US.

There were no other adjusting or non-adjusting events occurring between the end of the reporting period and the date these financial statements were approved.