
ROCKET FUEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

ROCKET FUEL LIMITED

COMPANY INFORMATION

Directors	Karina Guseinova (resigned 15 July 2018) Ravit Cohen (appointed 15 June 2018, resigned 2 April 2019) Hadar Fellus (resigned 2 April 2019) George Pappachen (appointed 2 April 2019)
Registered number	07488984
Registered office	160 Midsummer Boulevard Milton Keynes MK9 1FF
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

CONTENTS

	Page
Strategic Report	1 - 2
Director's Report	3 - 4
Independent Auditor's Report	5 - 7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 - 28

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Introduction

The Director presents the Strategic Report for the year ended 31 December 2018.

Business review

The results of the Company for the year show a loss before tax of £5,613,859 (2017 profit: £1,508,735). The aggregate capital and reserves for the Company total (£2,200,993) (2017: £3,636,890).

The Company's activities have decreased in the year. Due to a restructure after the year end the accounts have been prepared on a break up basis and, as explained in note 5, the company recognised an exceptional cost of £6.6m in respect of irrecoverable assets.

Principal risks and uncertainties

The principal risks and uncertainties of the Company relate to technology and competitors of the parent company and the Company's ability to retain and attract staff to support marketing efforts.

The Company's success is dependent on the parent company, maintaining, developing and executing on its competitive advantage in artificial intelligence driven technology.

Cashflow risk

The Company operates on a cost plus model and is therefore fully funded by the parent company who provides the required cash resource needed to operate the business.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, which will result in the financial loss to the Company.

The Company does not have any significant concentrations of credit risk in this regard, due to sales debtor assets being owned by the parent company.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit.

Due to the nature of the business the Company has minimal liquidity risk and cash flows are managed on a daily basis.

Key performance indicators

We have made significant progress throughout the year in relation to key elements of our strategy. The leadership team monitors progress of the Company by reference to cost plus revenue.

Revenue: £15m (2017: £26m)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Future developments

The group was acquired after the year end, the details of this are disclosed in note 26. The trade and assets of the Company are being transferred within the new group and the Company is going to be wound down.

Going concern

In relation to the above note, the Director does not consider the Company to be a going concern as all trade and assets were transferred post year end. These financial statements have been prepared accordingly, writing down the assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business.

Directors

The names of the current directors are listed on Page 3.

Branches

The Company has branches in France, Spain, Italy, Sweden and Australia.

Brexit

The Director considers the potential impact of Brexit to be immaterial, given the financial statements are prepared on a break up basis.

Covid - 19

The Director considers the potential impact of Covid - 19 to be immaterial, given the financial statements are prepared on a break up basis.

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

George Pappachen

Director

Date: 7 April 2020

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

Director's responsibilities statement

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

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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 Director 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 Director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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.

Results and dividends

The loss for the year, after taxation, amounted to £5,837,883 (2017 - profit £963,045).

No dividends were declared in the year (2017 - none).

Directors

The Directors who served during the year were:

Karina Guseinova (resigned 15 July 2018)

Ravit Cohen (appointed 15 June 2018, resigned 2 April 2019)

Hadar Fellus (resigned 2 April 2019)

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the director's report have been omitted as they are included in the strategic report on page 2. These matters relate to future developments, KPI indicators and principal risks and uncertainties.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

The Director wants to draw attention to note 25 of the Financial Statements.

This report was approved by the board on 7 April 2020 and signed on its behalf.

George Pappachen
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCKET FUEL LIMITED

Opinion

We have audited the financial statements of Rocket Fuel Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 United Kingdom Accounting Standards, including FRS 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to both the COVID-19 coronavirus and the United Kingdom exiting the European Union on our audit

The Director's view on the impacts of the COVID-19 coronavirus and Brexit are disclosed on page 2.

The full impact following the recent emergence of the global coronavirus is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. However the terms of the future trade and other relationships with the European Union are not yet clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impacts of COVID-19 coronavirus and Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to both COVID-19 coronavirus and Brexit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCKET FUEL LIMITED

Emphasis of matter - basis of preparation

We draw attention to Note 2.4 to the financial statements which explains that the director intends to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 2.4. 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 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.

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.

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 Director's 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCKET FUEL LIMITED

Responsibilities of Directors

As explained more fully in the Director's responsibilities statement set out on page 3, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 the audit report

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

Stephen Eames (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle

160 Midsummer Boulevard

Milton Keynes

MK9 1FF

9 April 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	15,278,517	26,038,582
Gross profit		<u>15,278,517</u>	<u>26,038,582</u>
Administrative expenses		(14,306,355)	(24,531,514)
Exceptional items	5	(6,628,530)	-
Operating (loss)/profit	6	<u>(5,656,368)</u>	<u>1,507,068</u>
Interest receivable and similar income	10	42,783	1,796
Interest payable and expenses	11	(274)	(129)
(Loss)/profit before tax		<u>(5,613,859)</u>	<u>1,508,735</u>
Tax on (loss)/profit	12	(224,024)	(545,690)
(Loss)/profit for the financial year		<u>(5,837,883)</u>	<u>963,045</u>
Other comprehensive income for the year			
Other comprehensive income for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>(5,837,883)</u>	<u>963,045</u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 11 to 28 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	-	1,158,908
Investments	14	-	20,602
		<u>-</u>	<u>1,179,510</u>
Current assets			
Debtors: amounts falling due after more than one year	15	-	1,432,581
Debtors: amounts falling due within one year	15	1,382,767	4,423,452
Cash at bank and in hand	16	194,089	918,604
		<u>1,576,856</u>	<u>6,774,637</u>
Creditors: amounts falling due within one year	17	(3,777,849)	(3,332,124)
Net current (liabilities)/assets		<u>(2,200,993)</u>	<u>3,442,513</u>
Total assets less current liabilities		<u>(2,200,993)</u>	<u>4,622,023</u>
Creditors: amounts falling due after more than one year	18	-	(909,912)
Provisions for liabilities			
Deferred tax	19	-	(75,221)
		<u>-</u>	<u>(75,221)</u>
Net (liabilities)/assets		<u><u>(2,200,993)</u></u>	<u><u>3,636,890</u></u>
Capital and reserves			
Called up share capital	20	1	1
Profit and loss account	21	(2,200,994)	3,636,889
		<u><u>(2,200,993)</u></u>	<u><u>3,636,890</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 April 2020.

George Pappachen
Director

The notes on pages 11 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1	2,673,844	2,673,845
Comprehensive income for the year			
Profit for the year	-	963,045	963,045
	<hr/>	<hr/>	<hr/>
At 1 January 2018	1	3,636,889	3,636,890
Comprehensive income for the year			
Loss for the year	-	(5,837,883)	(5,837,883)
	<hr/>	<hr/>	<hr/>
At 31 December 2018	<u>1</u>	<u>(2,200,994)</u>	<u>(2,200,993)</u>

The notes on pages 11 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Rocket Fuel Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The address of its registered office is 160 Midsummer Boulevard, Milton Keynes, MK9 1FF. company number 07488984.

The principal activity of the Company in the year under review was that of the provision of programmatic media buying marketing services.

The financial statements are prepared in Pounds Sterling as this is the functional currency of the economic environment in which the Company operates.

Monetary amounts in these financial statements are rounded to the nearest £.

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 judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sizmek Technologies Inc as at 31 December 2018 and these financial statements may be obtained from 220 5th Avenue, New York, NY1001, United States.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.3 Preparation of consolidated financial statements

The financial statements contain information about Rocket Fuel Limited as an individual company and do not contain consolidated financial information as the parent of the group. The Company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Sizmek Technologies Inc., a company registered in the United States of America and whose financial statements are submitted with these financial statements.

2.4 Going concern

As noted within the Strategic Report on page 2, the Director no longer has a reasonable expectation that the Company will be continue trading. The financial statements have therefore been prepared on a break-up basis.

2.5 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue represents amounts charged to the Company's parent under an agreement for sales and marketing support provided, excluding value added tax. Revenue is recognised when chargeable costs are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.10 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 Statement of Comprehensive Income 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.13 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.

Depreciation is provided on the following basis:

Leasehold improvements	-	Over the life of the lease
Fixtures and fittings	-	20%
Computer equipment	-	20 to 50%

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 Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 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.

2.16 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.

2.17 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.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

The critical judgements that the Director has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the Director has considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. Due to the Company no longer being a going concern, all assets have been impaired to their realisable value, which is based on information available post year end.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimating value in use

Where an indication of impairment exists the Director will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the Director to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

(ii) Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Director consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of customers.

(ii) Determining residual values and useful economic lives of property, plant and equipment

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

4. Turnover

Analysis of turnover by country of destination:

	2018	2017
	£	£
United States of America	<u>15,278,517</u>	<u>26,038,582</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Exceptional items

	2018 £	2017 £
Fixed assets impairment	856,859	-
Irrecoverable amounts owed by group companies	5,611,578	-
Irrecoverable other assets	160,093	-
	<u>6,628,530</u>	<u>-</u>

These amounts have been recognised as a result of the financial statements being prepared on a break-up basis.

6. Operating (loss)/profit

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

	2018 £	2017 £
Exchange differences	(388,576)	21,937
Other operating lease rentals	1,201,422	1,357,286
Depreciation charge	<u>299,960</u>	<u>402,287</u>

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>6,950</u>	<u>-</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	<u>3,050</u>	<u>-</u>
	<u>3,050</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Employees

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

	2018	2017
	£	£
Wages and salaries	6,018,388	11,603,234
Social security costs	1,070,695	2,087,040
Cost of defined contribution scheme	371,301	562,907
	<u>7,460,384</u>	<u>14,253,181</u>

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

	2018	2017
	No.	No.
Administration	8	20
Operations	14	14
Sales	70	123
	<u>92</u>	<u>157</u>

9. Directors' remuneration

	2018	2017
	£	£
Directors' emoluments	-	316,535
Company contributions to defined contribution pension schemes	-	9,964
	<u>-</u>	<u>326,499</u>

During the year retirement benefits were accruing to 0 Director (2017 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £NIL (2017 - £316,535).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2017 - £9,964).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>42,783</u>	<u>1,796</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	<u>274</u>	<u>129</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	160,596	546,175
Adjustments in respect of previous periods	6,627	(231,944)
	<u>167,223</u>	<u>314,231</u>
Double taxation relief	-	(188,106)
	<u>167,223</u>	<u>126,125</u>
Foreign tax		
Foreign tax on income for the year	124,106	229,343
Total current tax	<u>291,329</u>	<u>355,468</u>
Deferred tax		
Origination and reversal of timing differences	(67,305)	190,222
Total deferred tax	<u>(67,305)</u>	<u>190,222</u>
Taxation on profit on ordinary activities	<u>224,024</u>	<u>545,690</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	<u>(5,613,859)</u>	<u>1,508,735</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(1,048,303)	290,431
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,136,017	445,966
Capital allowances for year in excess of depreciation	3,267	-
Adjustments to tax charge in respect of prior periods	6,627	(231,944)
Other differences leading to an increase (decrease) in the tax charge	2,310	-
Foreign PE exemption	124,106	229,343
Double taxation relief	-	(188,106)
Total tax charge for the year	<u>224,024</u>	<u>545,690</u>

Factors that may affect future tax charges

The Finance Act 2020 enacted legislation to maintain the current rate of corporation tax at 19% up until at least the tax year ended April 2022.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2018	1,325,610	454,729	700,333	2,480,672
Additions	5,578	28,031	45,401	79,010
Disposals	(9,977)	(22,868)	(118,541)	(151,386)
Exchange adjustments	373	433	649	1,455
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,321,584	460,325	627,842	2,409,751
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2018	456,542	306,811	558,411	1,321,764
Charge for the year	224,786	20,031	55,143	299,960
Disposals	(2,288)	(5,691)	(62,021)	(70,000)
Impairment	642,493	138,809	75,557	856,859
Exchange adjustments	51	365	752	1,168
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,321,584	460,325	627,842	2,409,751
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2018	<hr/> <hr/> -	<hr/> <hr/> -	<hr/> <hr/> -	<hr/> <hr/> -
At 31 December 2017	<hr/> <hr/> 869,067	<hr/> <hr/> 147,919	<hr/> <hr/> 141,922	<hr/> <hr/> 1,158,908

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2018	20,320	282	20,602
At 31 December 2018	20,320	282	20,602
Impairment			
Charge for the period	20,320	282	20,602
At 31 December 2018	20,320	282	20,602
Net book value			
At 31 December 2018	-	-	-
At 31 December 2017	<u>20,320</u>	<u>282</u>	<u>20,602</u>

15. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	<u>-</u>	<u>1,432,581</u>
Due within one year		
Amounts owed by group undertakings	-	3,315,848
Other debtors	953,827	672,671
Prepayments and accrued income	428,940	434,933
	<u>1,382,767</u>	<u>4,423,452</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Debtors (continued)

Amounts owed by group undertakings are interest free and repayable on demand.

Hong Kong and Shanghai Banking Corporation Ltd have bank guarantees dated 7 May 2014 totalling €59,620 (2017: €59,620), IOF Custodian Pty Limited has a bank guarantee dated 18 December 2015 totalling AUD101, 424 and BBC Building Beta, S.R.O. has a bank guarantee dated 12 October 2017 for €39,499.

16. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	<u>194,089</u>	<u>918,604</u>

17. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	44,284	231,168
Amounts owed to group undertakings	2,363,896	584,567
Corporation tax	4,739	-
Other taxation and social security	415,506	676,728
Other creditors	-	170,003
Accruals and deferred income	949,424	1,669,658
	<u>3,777,849</u>	<u>3,332,124</u>

Amounts owed to group undertakings are interest free and repayable on demand.

18. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Other creditors	<u>-</u>	<u>909,912</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Deferred taxation

	2018 £
At beginning of year	(75,221)
Utilised in year	75,221
At end of year	<u><u>-</u></u>

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	<u><u>-</u></u>	<u><u>(75,221)</u></u>

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 (2017 - 1) Ordinary share of £1.00	<u><u>1</u></u>	<u><u>1</u></u>

The Company has one class of ordinary share. Each share carries with it one voting right and no share has any right to fixed income.

21. Reserves**Profit and loss account**

The profit and loss reserve represents the cumulated profits and losses of the Company, less any dividends paid.

22. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £371,301 (2017: £552,943). Contributions totalling £42,390 (2017: £81,294) were payable to the scheme at 31 December 2018 and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	1,178,376	1,368,800
Later than 1 year and not later than 5 years	4,653,624	4,966,270
Later than 5 years	24,238	1,200,485
	<u>5,856,238</u>	<u>7,535,555</u>

24. Related party transactions

The Company has taken the exemption within Section 33 Related Party Disclosures under FRS 102 not to disclose transactions entered into between wholly owned members.

25. Post balance sheet events

The Company's credit agreement with Cerberus required Vector Capital to make an additional 15 million (\$15,000,000) U.S. Dollars cash infusion on the Company's Second Lien Term loan on February 28, 2019. Vector's failure to make such payment would be considered an event of default on the Company's credit facility with Cerberus. Vector did not make the required payment and therefore on February 28, 2019 the Company was in default of its loan agreement with Cerberus. Subsequent to this breach, Cerberus used the cash in the Company's bank account as a loan reduction, and sought to have customer receivables used to reduce the loan balance.

On March 29, 2019, Sizmek's Board of Directors unanimously approved the filing for Chapter 11 Bankruptcy protection as a responsible mechanism by which the Company could seek access to capital and preserve value while it continued to explore value-maximizing alternatives.

On April 18, 2019, the Company together with its US subsidiaries, entered into an agreement with a third party, Zeta Global Holdings Corp., a Delaware corporation (or one of its direct or indirect subsidiaries) for the sale of RocketFuel LP and certain assets and liabilities, for a proceed that consisted of: preferred shares of Zeta Global Holdings Corp. with a deemed aggregate value as of the Closing Date of 5 million (\$5,000,000) U.S. Dollars, 10 million U.S. Dollars (\$10,000,000) in cash, and additional Contingent Payment that is dependent on Shared Accounts Receivable collection.

On May 31, 2019, the Company, together with certain subsidiaries, entered into an agreement with a third party, Amazon.com, Inc. for the sale of part of Sizmek Technologies Ltd (Israel) IP and certain assets and liabilities for the proceeds of 36 Million (\$36,000,000) U.S. Dollars.

On August 1, 2019, the Company together with Sizmek Technologies, Ltd (its Israeli subsidiary) entered into an agreement with a third party, P39 Tech LLC, to sell IP and certain assets and liabilities owned by the Israeli subsidiary for proceeds of 18.3 million (\$18,300,000) U.S. Dollars.

As a result, the group of companies will have no more activity and will begin the gradually process of liquidation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

26. Controlling party

Sizmek DSP Inc. (incorporated in Delaware) is the immediate parent company, a company whose ultimate parent undertaking is Vector Solomon (Lux) 1,S.a.r.l., and is regarded as the ultimate parent company of Rocket Fuel Limited. The smallest and largest undertaking for which consolidated accounts have been prepared is headed by Sizmek Technologies Inc.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.