**EXPLANATORY INFORMATION FOR THE CREDITORS OF**

**MEDIAMATH UK LIMITED ("THE COMPANY" or "MEDIAMATH")**

**Decision date for the appointment of joint liquidators: 20 July 2023**

This explanatory information supplements the Statement of Affairs prepared by the directors and provides creditors with information so that they can make an informed decision in respect of the appointment of joint liquidators.

**STATUTORY INFORMATION**

The Company was incorporated on 5 October 2010 in the name SNRDCO 3035 LIMITED and changed its name on 23 November 2010 to its current name, MediaMath UK Limited. The Company Registration Number is 07397691.

The Company's business was "other professional, scientific and technical activities not elsewhere classified" (SIC 74909). MediaMath is part of a software group that provides a service matching businesses advertising needs with online advertising locations, targeting specific demographics or types of user.

A summary of the Company's background and history are given on the next page.

The Company's registered office has been as follows:

| From | To | Registered Office Address |
|---|---|---|
| 22 March 2023 | Present | 3 Marshalsea Road Floor 3 London SE1 1EP |
| 11 July 2017 | 22 March 2023 | 230 Blackfriars Road London SE1 8NW |
| 30 October 2012 | 11 July 2017 | 310- 312 Regent Street Remo House London |
| 5 October 2010 | 30 October 2012 | 1 Northumberland Avenue Suite 310 Trafalgar Square London WC2N 5BW |

The authorised share capital is 100 ordinary shares of £1 each, of which all have been issued and fully paid as follows:

| Name of member | Ordinary | Percentage |
|---|---|---|
| MediaMath, Inc. | 100 | 100% |

Aside from the formation agents, the officers of the Company have been as follows:

| Name | Position | Appointed | Resigned |
|---|---|---|---|
| HACKETT, Ingrid Nada | Director | 20 July 2022 | n/a |
| ZAWADZKI, Viktor David | Director | 16 October 2020 | n/a |
| HARRIS, Andrew David | Director | 5 October 2010 | 19 November 2010 |
| NICHOLAS, Eleni | Director | 16 October 2020 | 3 June 2022 |
| REED, David Clark | Director | 31 July 2014 | 16 October 2020 |
| WASSERMAN, Eric Joseph | Director | 19 November 2010 | 1 January 2020 |
| WILLIAMS, Gregory Dale | Director | 19 November 2010 | 25 June 2020 |

## OTHER INFORMATION

**Lenders**: there are no lenders to the Company.

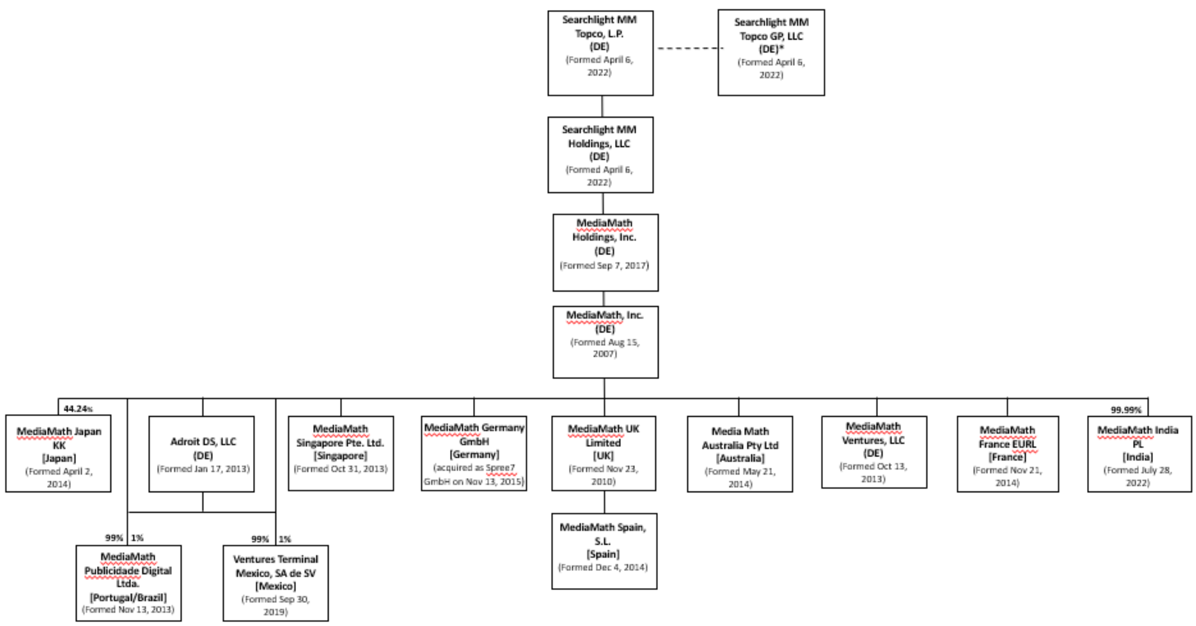
**Security held**: no entity or individual holds any security in respect of the Company.

**Accountants**: Verallo, Century House, Wargrave Road, Henley-on-Thames, Oxfordshire, RG9 2LT

**Associated companies**:

Parent company: **MediaMath, Inc. ("MMI")** (Company number: US204755847L) 4 World Trade Center, Fl 45 New York City, Ny 10007-5201 United States of America.

As the associated companies are based overseas, we have provided a simplified group structure chart:




## BACKGROUND AND HISTORY

The Company is a member of the wider MediaMath Group, with MMI as its parent as shown above (MMI and its subsidiaries collectively "the Group").

MMI developed a programmatic demand-side platform (DSP).. It was formed over 15 years ago in 2007 to connect advertisers to media inventory via an automated buying exchange. The platform was used by more than 3,500 brand and agency customers with clients including PepsiCo, Adobe, and Sony

The business was an early developer of the DSP software but had struggled in recent times as new entrants joined its core markets and new executives had been brought in in a bid to improve its performance.

DSPs are typically a high-volume low-margin programmatic domain. As MMI's troubles become public in recent times, more customers are understood to have utilised competitors, leaving the Group ultimately owing between $100 million and $500 million to more than 200 creditors.

MMI also had secured lenders including Goldman Sachs, which had granted a $175 million line of credit in 2017. Further, MMI last year granted Searchlight Capital a controlling ownership stake for additional funding. Despite bringing in former Sizmek CEO Neil Nguyen to replace the company's founder and CEO Joe Zawadzki, MMI continued to struggle, negotiating with several bidders for a sale, but failing to reach terms on a deal.

Viant Technology and Verve Group had reportedly been in talks to acquire MMI, but neither deal came to fruition, eventually leading to the bankruptcy filing in the US under the Chapter 11 process on 30 June 2023. Access to the platform was suspended as of June 30, 2023.

The Company was a sales office for the wider Group DSP platform. The Company's continued ability to trade was therefore dependent on MMI's continued trading, due to the management fees it received. Due to the fact MMI entered into Chapter 11, there was no operational reason for the Company's business to continue (as a sale of the whole of the Group business was not anticipated). Notice was given by the Company's directors to each of the Company's fifty-two employees that their employment would be ceasing on 30 June 2023.

Given the lack of reasonable prospect of avoiding insolvency and the lack of funding to continue to trade, and the lack of any potential going concern outcome to bridge to, the directors of the Company took the decision on 5 July 2023 to place the business into liquidation. All other Group companies are anticipated to be wound-down or placed into insolvency processes.

**TRADING RESULTS**

The most recent accounts prepared for the Company are shown below:

| MediaMath UK Limited - Statement of Financial Position | | |
|---|---|---|
| £ | Audited Accounts 12 months to 31-Dec-20 | Audited Accounts 12 months to 31-Dec-21 |
| **Assets** | | |
| Non Current Assets | | |
| Tangible assets | 201,472 | 209,221 |
| **Total** | **201,472** | **209,221** |
| Current Assets | | |
| Accounts and other receivables | 2,036,170 | 2,660,152 |
| Cash and bank | 308,358 | 369,144 |
| **Total** | **2,344,528** | **3,029,296** |
| **Total Assets** | **2,546,000** | **3,238,517** |
| **Equity and Liabilities** | | |
| Equity | | |
| Issued Share Capital | 5,479,000 | 5,479,000 |
| Share premium account | 100 | 100 |
| Retained loss | (3,506,707) | (3,312,708) |
| **Total** | **1,972,393** | **2,166,392** |
| Current Liabilities | | |
| Deferred tax liability | 17,610 | - |
| Accounts and other payables | 555,997 | 1,072,125 |
| **Total** | **573,607** | **1,072,125** |
| **Total Equity and Liabilities** | **2,546,000** | **3,238,517** |

## MediaMath UK Limited - Statement of Financial Position

| £ | Management Accounts 12 months to 31-Dec-22 | Management Accounts 6 months to 30-Jun-23 |
|---|---|---|
| **Assets** | | |
| Non Current Assets | | |
| Other assets | 4,334,100 | 4,376,173 |
| Tangible assets | 182,749 | 127,697 |
| **Total** | **4,516,849** | **4,503,871** |
| Current Assets | | |
| Accounts and other receivables | (6,908) | (746) |
| Other current assets, including intercompany receivables | 27,259,979 | 25,460,500 |
| Cash at bank | 570,893 | 445,425 |
| **Total** | **27,823,963** | **25,905,179** |
| **Total Assets** | **32,340,812** | **30,409,050** |
| **Equity and Liabilities** | | |
| Equity | | |
| Investment from parent | 31,168,311 | 31,168,311 |
| Retained earnings | (414,477) | 5,132,276 |
| Net income | 5,546,753 | (3,535,678) |
| Cumulative transaction adjustment | 54 | 54 |
| **Total** | **36,300,640** | **32,764,963** |
| Long term liabilities | | |
| Investment from parent | 220,141 | 226,926 |
| Deferred tax liability | 65,831 | 65,831 |
| **Total** | **285,972** | **292,757** |
| Current Liabilities | | |
| Other current liabilities, including intercompany | (4,408,593) | (2,749,214) |
| Accounts and other payables | 162,793 | 100,544 |
| **Total** | **(4,245,800)** | **(2,648,670)** |
| **Total Equity and Liabilities** | **32,340,812** | **30,409,050** |

The balance sheets for the audited accounts are abbreviated accounts without reference to the intercompany balances.

The most recent management accounts (yearend December 2022 and the six months to June 2023) are based on the Company's full financial position.

"Other assets" includes £4,318,448.45 of investment in a group company, which is expected to have a nil estimated to realise value.

| MediaMath UK Limited - Statement of Profit or Loss | | | | |
|---|---|---|---|---|
| £ | Audited Accounts 12 months to 31-Dec-20 | Audited Accounts 12 months to 31-Dec-21 | Management Accounts 12 months to 31-Dec-22 | Management Accounts 6 months to 30-Jun-23 |
| Revenue | 7,656,038 | 9,433,069 | - | 70 |
| General and Administrative Costs | (8,371,018) | (9,418,228) | (9,057,467) | (3,309,594) |
| Other Operating Income(Expenses) | 2,214 | 110,881 | 14,604,219 | (226,154) |
| **Profit(Loss) before** | **(712,766)** | **125,722** | **5,546,753** | **(3,535,678)** |
| Tax on profit(loss) | (6,635) | 68,277 | - | - |
| **Loss for the Year** | **(719,401)** | **193,999** | **5,546,753** | **(3,535,678)** |

As shown above, the Company has suffered significant recent losses and it has consistently been the case that the Company's continued ability to trade has been dependent on support through management fees from its parent, MMI, and MMI's continued trading.

**INSOLVENCY**

The Company has no significant assets, and it is unable to pay its liabilities as they fall due. Therefore, the decision was taken by the directors of the Company at a board meeting held on 5 July 2023 to place the Company into Creditors' Voluntary Liquidation.

**JOINT LIQUIDATORS' FEES AND EXPENSES**

The proposed joint liquidators were engaged by the board on 5 July 2023 to provide certain services related to placing the Company into liquidation, including to assist in the preparation of the directors' Statement of Affairs and to seek a decision from the creditors on the appointment of joint liquidators. The engagement letter was signed by Ingrid Hackett on behalf of the Company, and by the proposed liquidators on behalf of FTI Consulting LLP.

A retainer invoice totalling £50,000 (net of VAT) has been paid by the Company to FTI Consulting LLP, as agreed at the board meeting on 5 July 2023. We will charge our time based on our standard charge out rates. We estimate our time costs in relation to this work will be £50,000 (plus VAT and out of pocket expenses). For any amounts charged over these amounts we will seek approval in the post-appointment period.

These amounts have been drawn in full ahead of the Company being placed into liquidation. In addition, where costs are incurred that do not involve assistance with the Statement of Affairs and with the calling of the deemed consent procedure, the balance of the above retainer will be used to meet these costs.

The proposed liquidators will seek fee approval from the Company's creditors following their appointment as joint liquidators, for post appointment time costs.

**INSOLVENCY PRACTITIONERS' COMMENTS ON THE STATEMENT OF AFFAIRS**

The proposed joint liquidators assisted the directors in preparing a Statement of Affairs and they have commented on it, as set out below. A copy of the Statement of Affairs was delivered to creditors on Tuesday 18 July 2023.

**Assets**

Cash at Bank

On the date the Statement of Affairs was signed (17 July 2023), there was understood to be currently c. £239,700 held in the Company's bank accounts with Barclays Bank plc, primarily held in GBP with c. USD 60k held in a dollar account.

However, on 18 July 2023, the Company's payroll provider returned monies in respect of the June 2023 payroll for PAYE/NIC in the sum of £164,909.

Therefore, the current cash balance is c. £388k, including the USD balance, as some other small payments in the sum of c. £16,000 have since been collected by direct debit. All direct debits are in the process of being cancelled.

Once liquidators are appointed, the cash will be swept into a liquidation account to enable an orderly wind down of the Company. Any funds not utilised to meet costs of the liquidation will form part of distributions to the creditors of the Company, in accordance with statutory priorities.

Intercompany Receivables

These comprise amounts due from MediaMath group entities in the US, Spain, Germany, Australia, Singapore, France, Brazil and Japan. Book values of these receivables total £28,072,660 following an exercise to offset the receivables and payables for each group entity (including the setting off of the investment from MMI in the sum of £226,925.71 shown in the balance sheet in long-term liabilities).

This is a change from the figure in the directors' statement of affairs following a reconciliation of some debit and credit journal entries, which had resulted in some negative liabilities (i.e. assets).

Its most significant debtor is MMI as the Company is owed over £20m. However, no realisations are expected from this source due to there being a shortfall to senior and second-ranking creditors with an uncertain dividend to unsecured creditors (if any).

Minimal realisations are anticipated from the rest of the intercompany receivables, due to the financial positions of the debtor entities. The entities are anticipated to enter local insolvency processes and the potential for dividends remains uncertain.

A nil estimated to realise value for intercompany receivables appears appropriate and prudent. However, there may be some upside depending on how the situations develop in respect of each of the intercompany debtor entities.

Prepayments

Realisations from prepaid amounts are anticipated to be minimal and have an estimated to realise value of nil.

VAT Receivable

On the date the Statement of Affairs was signed (17 July 2023), with the information available to us at that time, we expected the full pre-appointment VAT receivable balance to be collected following the appointment of liquidators.

However, now that the Company's payroll provider has returned monies in respect of the June 2023 payroll for PAYE/NIC in the sum of £164,909, we expect the pre-appointment VAT receivable balance to be offset against monies owed to HMRC. This Q2 VAT return will be submitted by the Company in due course.

Computers, Servers and IT

A minimal estimated to realise value is anticipated in respect of the Company's IT equipment located at its premises. This will be collected by our chattels agent and sold by online auction or private treaty.

Security Deposit

This principally consists of deposits made in relation to the Company's office licence. As the landlord of the Company will likely be a creditor, the deposit amounts are not anticipated to be recovered.

**Liabilities**

Secured Liabilities

There are no secured liabilities.

Preferential Liabilities - Employees

The Company employed fifty-two staff members, and it is understood that monies remain due to them in respect of outstanding holiday pay which will be claimed for preferentially in the liquidation. Notice was given by the Company's directors to each of the Company's fifty-two employees that their employment would be ceasing on 30 June 2023. We understand that employee wages have been paid up to 30 June 2023.

Preferential creditors will consist of the individual employees themselves, together with the Redundancy Payments Service.

Since the Statement of Affairs was signed and following the return of the funds owed to HMRC for the June 2023 payroll (PAYE/NI), we expect HMRC to be a secondary preferential creditor for PAYE, any Student Loan Deductions, and employees' National Insurance Contributions for amounts due on 30 June 2023 for salaries. Other amounts owing to HMRC for salaries will be an unsecured claim.

The management accounts also contain a deferred tax liability in the sum of £65,831. However, financial information available at the time the Statement of Affairs was signed shows a deferred tax liability in the sum of £597,564.

This is also the figure shown in the Deficiency Account, being the most prudent approach.

However, the full pre-appointment position will be confirmed with HMRC following the appointment of liquidators.

Unsecured Liabilities

Trade Creditors - the Company has seventeen known trade creditors owed a total of approximately £71k.

Intercompany Payables – the intercompany payables balance shown on the statement of affairs is now included in the receivables balance above, following the reconciliation of the intercompany ledgers. This has therefore reduced the Company's deficit shown in the deficiency account below.

Employees - it is anticipated that monies will be owed to employees in respect of redundancy pay and notice pay (where applicable). Employees will receive part payment from the Redundancy Payments Service in relation to this amount. However, all redundancy and notice pay forms an unsecured claim in the liquidation.

Share Capital

For the purposes of the Statement of Affairs, we have included only the issued share capital in the sum of £100. However, the total deficiency recorded in the deficiency account below is based on the full value of the equity, including investment from the parent, as shown in the management accounts.

**Comments on Material Transactions in the previous 12 months**

The directors have indicated that other than those transactions detailed previously in this note, during the 12 months prior to the winding up resolution, no material transactions, other than in the ordinary course of business, have taken place involving the Company.

**Deficiency Account**

A deficiency account reconciling the position shown in the management accounts as at 30 June 2023 to the deficiency in the directors' Statement of Affairs, is shown below:

| **MediaMath UK Limited - Deficiency Account** | |
|---|---|
| £ | |
| **Profit and loss account as at 30 June 2023** | (3,535,678) |
| | |
| **Less: write-down of assets per directors' Statement of Affairs** | |
| Equity | |
| Cash | - |
| Intercompany receivables | (28,072,660) |
| Prepayments | (59,244) |
| VAT receivable | - |
| Investments | (4,318,448) |
| Furniture and fixtures | - |
| Computers and Printers | (95,993) |
| Servers and Platform IT | (30,066) |
| Security deposits | (57,725) |
| Further write-downs/additional liabilities | (1,698,026) |
| **Total** | **(37,867,840)** |
| | |
| **Deficit per Directors' Statement of Affairs** | **(37,867,840)** |

**Comments on Insolvency Ethics**

As referenced in the notice to creditors dated 13 July 2023, the proposed liquidators have considered the ethical threats that may exist and have implemented numerous safeguards to protect against these, as detailed below:

- Mediamath, Inc. does not have a claim against the Company and therefore there will be no requirement for the liquidators to adjudicate any such claim, review the work of FTI US and neither the parent company nor FTI US will be able to influence the conduct of the Liquidation.

- Remuneration for acting as liquidators will be determined by the Company's creditors (or any Liquidation Committee) and therefore the parent company will not be involved in this decision process.

- Whilst liquidators are appointed by the members, the Company's creditors are able to object to the appointment and subsequently nominate alternative liquidators should they wish to do so.

- The Company is understood to have a potential intercompany claim against its US parent. It has been agreed with the Chapter 11 trustee that if the Company disagrees with the schedule in the Chapter 11 of the Company's claim and files an alternative proof of claim in the Chapter 11 Cases, no FTI personnel will be involved with the preparation or filing of any such proofs of claim. In this circumstance it is likely that a conflict liquidator would be sought, but we do not anticipate such a step will be required, given the information supporting the Chapter 11 assessment of inter-company claims will be the same as the information available to the Company.