Mporium Group Plc

Financial Statements
for the year ended
31 December 2018

Registration number: 08696120 (England and Wales)

Contents

Company information for the year ended 31 December 2018

Directors:	A Casey – Non-Executive Director N Bertolotti – Non-Executive Director N De Groot – Chief Executive Officer
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Registered number:	08696120
Statutory Auditors:	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Nominated Advisor and Broker	finnCap Ltd 60 New Broad Street London EC2M 1JJ
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Banker	Barclays Bank 1 Churchill Place Leicester Leicestershire LE87 2BB

Strategic and Financial Report for the year ended 31 December 2018

Mporium Group PLC

(“Mporium” or the “Group” or the “Company”)

Overview

Mporium Group plc (AIM:MPM), the technology firm delivering event-driven marketing, that is listed on the London Stock Exchange’s AIM market, today announces results for the twelve months to 31 December 2018.

Mporium operates in the growth sector of Digital Advertising and its proprietary technology, IMPACT, enables advertisers, to identify and leverage moments when there are significant changes in the levels of consumer engagement. Throughout 2018, the development of the IMPACT product was accelerated, delivering increased levels of functional sophistication performance and analytics, resulting in the signing of a number of high-profile commercial agreements during the year.

The trend towards Mporium’s engagement directly with brands accelerated during 2018. In November 2018, this momentum resulted in the launch of the performance-led MporiumX division. In the subsequent months, MporiumX has signed important commercial agreements in both the sports rights and consumer regulation sectors. One of which was the transformational strategic collaboration agreement with Allay (UK) Limited (“Allay”) which was announced in January 2019.

To support development and marketing of the IMPACT product, and for general working capital purposes, the company successfully conducted a fundraise of £2.3m through direct subscription with the Company in November 2018. Further to this, the Company undertook a fundraise through a direct subscription with the Company of £1.9m in June 2019, the fundraise being subject to approval at a General Meeting in July 2019.

IMPACT and MporiumX

Mporium’s strategy is to implement its IMPACT technology as an overlay to brands’ digital advertising campaigns, without the need for either technical integration or re-engineering of the underlying campaigns. The Company believes that the implementation of the technology is frictionless and provides a wide range of benefits including improved performance, scale and automation.

The overall business strategy is driven by the scale and growth of digital advertising, the disruptive effect of smartphones on that market, and the opportunities afforded by the concentration of digital media spend in just a few digital advertising venues: particularly the Google, Facebook and Amazon platforms. The Global Digital Media Market was USD $230 billion in 2017 and is expected to reach USD $335 billion by 2020. This growth can be principally attributed to the increase in mobile digital advertising, which was $134 billion or 46% of digital spend in 2017. However, mobile digital advertising is expected to grow to represent 74% of the total by 2020, $247 billion.

The growth of digital advertising has been fuelled by the unprecedented rate of smartphone adoption, with an estimated 80% of the global adult population (circa 4 billion people) projected to have a smartphone by 2020. A critical attribute of the adoption of smartphones, is that consumers have the ability and desire to react instantaneously to real-world events. This change in consumer behaviour, dramatically increases the importance of the timing of advertising: namely choosing the optimal moments for advertisers to engage their audience.

Consumers are overwhelmed with the volume of advertising that they are subjected to daily, making relevance and timing absolutely key. Simply put, it is imperative that advertisers reach the right audience (WHO), on the right channel (WHERE), with the right message (WHAT), at the right time (WHEN).

Historically, advertisers have been extremely limited in the timing of their advertising: the ability to reach audiences WHEN the moment was right. Advertising could be pre-scheduled or managed manually for major events, but it could not be modified in real-time in response to the multitude of events that drive changing levels of consumer interest. In the smartphone era where consumers react to events instantaneously, Mporium's IMPACT technology provides advertisers with the ability to monetise this phenomenon.

IMPACT uses performance data to analyse anomalies in consumer the levels of interest across brands and industry sectors: both the increases and decreases. Using machine learning techniques, these anomalies are then correlated to the real-world events that drove the variation in consumer interest. This process creates the data-driven decisions that define the appropriate actions that IMPACT takes on advertising channels.

The product is based on proprietary technology with strongly defendable Intellectual Property Rights, providing Mporium with a compelling offering that is underpinned by an automated and scalable technology platform.

Business Model

IMPACT's primary route to market was through digital media agencies, a model that provided a leveraged salesforce and lowered the cost of accessing global markets. Starting in 2017, IMPACT was implemented directly on behalf of brands, a trend that accelerated in 2018 and which was the catalyst for the performance-led MporiumX division.

The agency model typically operates on the basis of a percentage of spend under management, or a software license. The direct-to-brand offering has several different characteristics, with campaigns generally operating on a pay-for-performance basis, rather than the traditional agency models.

The MporiumX division uses IMPACT to drive digital advertising campaigns on behalf of brands and is currently operating across a number of sectors, including sports rights and consumer regulation.

Product Development

The Company made substantial investment in the IMPACT product during 2018, which has delivered increased product capabilities, flexibility and scalability.

The capabilities of the product have been significantly extended to enable more data-driven decision capabilities. The platform has also developed to increase the levels of flexibility and scalability that it offers. IMPACT uses signals from multiple sources (including TV, Electronic Program Guides, Sports, Social and RSS feeds) to manage in real-time, the pricing, timing and selection of creative for digital advertising campaigns on multiple venues.

During 2018, IMPACT was integrated into Google Search Ads 360, providing the capabilities to support display campaigns at scale, capabilities that have already been used on behalf of one of the UK's largest advertisers.

A key focus was the development of the data and analytics capabilities. The analytics capabilities were expanded to include aggregated sector insights, which provides insights across all brands within a sector: enabling a better understanding of the relative activity of a brand against their competitors. Signal analytics reporting provide insights into interaction between brands' on-line and off-line activity and generates recommendations to enhance digital advertising performance via IMPACT.

The platform was also enhanced to deliver self-serve capabilities for both reporting and for sports activation. These capabilities are critical in providing scale to the overall business and enabling brands and agencies to operate IMPACT with minimal levels of support. As adoption of the product on a self-serve basis increases, brands and agencies are taking advantage of the automation as well as the performance capabilities that the platform delivers.

IMPACT is channel agnostic and can be expanded to include further channels as new markets are targeted, or new channels attract additional advertising expenditure. The increased scalability of the product has enabled the product to service a greater number of clients and to operate at greater scale across campaigns and geographies. In the case of Sports Signals alone, this increased scalability enabled the product to operate in over 160 countries and territories.

Business Activity

IMPACT has gained significant market traction during 2018 with the signing of a number of important commercial agreements and organisational changes:

- IMPACT's sports syncing technology agreements were signed with three sports rights holders to drive advertising campaigns on behalf of their streaming services. The technology was deployed across a wide range of sports and competitions, including NFL, NBA, Golf, Handball and more than 20 Football Cups and Leagues, within more than 160 countries and territories.
- Following the successful implementation of IMPACT with a number of GroupM agencies, a commercial agreement was signed with the wider group in January 2018. This agreement provides access to the IMPACT technology across the GroupM agencies. The agreement has subsequently been renewed and expanded.
- Performics the performance marketing arm of Publicis Media, signed an agreement for IMPACT to be commercially rolled out within the campaigns of Samsung, one of the world's largest global electronic companies. The technology was initially used as part of the launch of Samsung's S9 phone and has been utilised in numerous subsequent campaigns.
- An agreement to provide IMPACT to one of the world's largest and most prestigious performance marketing agencies. The agency operates in more than 100 countries, providing services to over 5,000 clients and is one of the largest global communications groups.
- Post period end, Mporium announced a Strategic Collaboration Agreement with Allay, a leading Claims Management Company in January 2019. This transformational deal represents a strategic partnership that provides Mporium and Allay with the potential to drive significant profitability from the growth of the consumer regulation sector.

The increased direct-to-brand opportunity for IMPACT resulted in the creation of the MporiumX division and the appointment of Tom Smith as Head of MporiumX on 30 November 2018. Tom has over 12 years' experience in digital media and is an acknowledged industry leader. The division was created to use IMPACT to drive digital advertising campaigns, primarily on a pay-per-performance basis. On 11 June 2019, Tom was appointed Managing Director, Mporium Group plc, with wide-ranging responsibilities including the strategy and execution for the business.

Corporate Activity

The substantial investment in IMPACT development, required the Company to raise additional capital on one occasion during 2018.

In November 2018, the Company raised £2.2m net through a direct subscription with the Company for 46,000,000 shares at 5p per share. This funding round provided both existing and new shareholders further opportunities to invest in Mporium's IMPACT technology.

In January 2019, Mporium announced a Strategic Collaboration Agreement with Allay, a leading Claims Management Company. This transformational agreement represents a strategic partnership enabling Mporium and Allay to drive significant profitability from the growth of the consumer regulation sector. As part of the deal, Mporium was appointed exclusive supplier of consumer lead generation for Allay and Allay were granted 25% of the enlarged Mporium share capital, rising to a maximum of 29.9% subject to performance.

In June 2019, the Company conditionally raised £1.9m net by way of subscription through a placing of 192,300,000 shares at 1 per share. Upon completion, the investors will also receive 192,300,000 warrants exercisable between 10 December 2019 and 10 December 2021 with a subscription price of 1.5 pence per warrant. The subscription is conditional upon (amongst other things) shareholder approval at a General Meeting on 2 July 2019.

Restructuring

In June 2019, the Group announced a major restructuring of the business to refocus on the performance-led MporiumX division.

MporiumX will have a specific emphasis on the Sports and Consumer Regulation sectors. In the Sports sector, Mporium-X will extend its activities with sports rights holders and will expand its focus to include the sports betting market. In the Consumer Regulation sector, as the PPI deadline approaches Mporium-X and Allay will collaborate on additional opportunities such as Packaged Bank Accounts.

The restructuring of the Mporium business is already underway and headcount reductions will be complete by mid-July and will halve the salary costs of the entire Group.

In addition, a strategic review of FWM is also underway and the Directors expect to decide on the future direction of the business by the end of July.

Board Changes

On 28 February 2018, Staale Bjornstad, Non-Executive Director, stepped down from the Board and Nicholas (Nick) Bertolotti was appointed as a Non-Executive Director of the Company.

Nick has enviable experience to the Company, having spent over 25 years advising companies in the Technology, Media and Telecoms ("TMT") sector. From 2003 to 2016 he was a Managing Director in Investment Banking at Credit Suisse, where he headed up the European Media Equity Research team. Prior to joining Credit Suisse, Nick worked at JPMorgan and Arthur Andersen (now Deloitte).

On 10 June 2019, Barry Moat, Executive Chairman, resigned from the Board. The Company announced its intention to appoint a new Chairman as soon as practicable.

Results Overview

While the Company remains very optimistic for the current financial year and is encouraged by the business activity seen and the restructuring conducted since the end of the period, the Board reports significant challenges for the business in the year to 31 December 2018.

As described above, the Company has made significant investment in IMPACT to create a highly sophisticated product that has resulted in the signing of a number of high-profile commercial agreements that will benefit the Company in 2019. However, during the year in question the Company has failed to achieve sufficient revenues from the Agency division of the business, making the business significantly unprofitable. Furthermore, the performance of the Group's Fast Web Media (FWM) business has generated significant losses since the beginning of 2018.

These factors resulted in the fundraise of June 2019, which was accompanied by the announcement that the Company would undergo a major restructuring to refocus the business on the performance-led MporiumX division. The Mporium-X division and in particular the Allay Strategic Collaboration Agreement are the catalyst for the transformation in the level of revenue generated by Mporium during 2019.

The full year results include charges associated with the continued development and evolution of the IMPACT product. These activities are the principal driver behind the financial performance of the Company during the year under review. Mporium's overall revenues decreased to £0.911 million, down 53.9% on 2017. In addition, due to the adoption of new accounting standards, the Group and its auditors were in discussions to finalise the periods for which booked revenues were to be recognised. After extensive discussions with the auditors, the Group has agreed that £1.458 million of amounts on contracts should not be recognised in the 2018 results. The restated revenue for the 2018 Half Year results is £560k (unaudited) rather than £1,160k (unaudited). The reversal of this revenue recognition has no cash effect.

Pursuant to the factors mentioned above, Mporium's gross profit also decreased to £0.840 million, down 53.9% on 2017, driven by weaker performance from the FWM business.

Administrative expenses increased to £8,568 million, up 25.6% on 2017, reflecting the Company's continuing investment in developing the IMPACT product and the requirement for a total impairment of goodwill of £1.445 million for the FWM business. The Company reported a total loss before taxation of £7.731 million, an increase of 99.6% on 2017. The 2017 results benefited from the release of a share swap lock-in agreement valued at £1.131 million, when adjusted for this one-off benefit, the 2018 loss is 54.5% higher than in 2017.

The Group's FWM business had an exceptionally difficult year with an operational loss of £952.4k, compared to an operational profit of £207.7k in 2017. Recovery from the loss of FMW's single largest client in early 2018 has proven difficult, a situation that reflects the overall challenges that face smaller digital agencies. The Group is undertaking a strategic review of FWM, to determine the appropriate course of action with respect to the business. Several new contracts with larger clients have been signed during the last 18 months, but these contracts have not yet generated the level of revenues required to make FWM profitable. Consequently, an impairment of £1.445 million has been recognised in the results.

As mentioned above, the Company has undertaken to restructure the existing business which, in addition to the commercial developments made by the Company this year, concludes that the results commented on in this report are not reflective of the business as it stands today. The Company are encouraged by the progress made to date.

Outlook

The growth of digital advertising remains buoyant, representing a global market of $355 billion by 2020. The vast majority of this growth is being driven by mobile advertising, which will represent 74% of digital media advertising by 2020. The growth of the overall digital market and that of mobile in particular, provide significant impetus to Mporium's business proposition.

Consumers are simply overwhelmed with the volume of advertising that they consume each and every day, bombarded with advertising across a multitude of channels. To cut through this cacophony, relevance and timing are key: advertisers need to reach the right audience (WHO) on the right channel (WHERE) with the right message (WHAT) at the right time (WHEN). While it may seem obvious that all four dimensions are critical to efficient advertising, managing the timing of digital campaigns requires scalable technology that incorporates complex event management and operates in real-time.

Advertising initially focussed on the question of the message (WHAT) that should be delivered. The message has always been fundamental to driving successful advertising campaigns, but initially there were limited options in targeting audience and few channels to advertise on. Digital media has enabled creative messaging to be much more dynamic and varied, this dynamism is achieved by adapting the context and relevance of creative.

As advertising developed, the options for targeting specific audiences (WHO) increased dramatically. Over time, technologies and techniques have evolved to enable increased sophistication in managing target audiences: Data Management Platforms (DMP's), persistent ID's, audience segmentation, qualitative and quantitative studies, media owner panels and pen portraits.

As the number of advertising channels grew, the question of WHERE to reach these target audiences became ever more important. The advent of digital advertising created a multitude of new channels, increasing the complexity of managing overall advertising budgets, particularly in the absence of a universal measurement or attribution model. This has resulted in vast resource being expended on determining the mix of the right channels, media, brand versus direct response, positioning, formats, durations, weights, frequencies, and reach.

Most historical attempts to determine WHEN to reach an audience on a specific channel have revolved around scheduling (e.g. when is best to run a specific TV advert) or creating war-rooms to manage major occasions such as The Super Bowl. However, the moments that influence consumer interest are frequent and dynamic. They cannot be managed on a scheduled basis, and are way beyond the capabilities of a human team.

Responding to real-world events in real-time poses significant technical challenges, but it exactly reflects how consumers behave. The explosive adoption of smartphones has only increased the responsive nature of consumer behaviour, a dynamic that is poorly served by existing technologies. IMPACT enables advertisers to reach their audience WHEN the moment is right and to avoid wasted advertising spend in moments of lower consumer interest.

Given consumers are bombarded with messaging that is shouting for their attention, creative that is relevant to that moment is crucial to gaining their focus. IMPACT enables advertisers to deliver the right message in the moment, ensuring that the WHAT (content) is both appropriate and relevant.

As a result of the recently announced restructuring, the Group will refocus on the performance-led MporiumX division, with particular emphasis on the Sports and Consumer Regulation sectors. The development of IMPACT in 2019 will be significantly curtailed to reflect the reduced focus of the Group and to enable a reduction in the overall cost base. The Group is currently undertaking a strategic review of its legacy FWM business, to determine the appropriate course of action.

The Board is confident that under Tom's leadership, the restructured business will provide the Company with a solid foundation for future growth to capitalise on the valuable market opportunity.

KPI

The Key Performance Indicators for the Group will be redeveloped as a result of the imminent restructuring of the Company. The metrics will focus on the key performance measures that will drive the MporiumX business model:

- Number of clients
- Average revenue per client
- Number of concurrent clients using self-serve capabilities
- Average operating margin per client

A detailed update relating to these metrics will be provided as part of the 2019 results.

Events after the statement of financial position date

As described above, in January 2019, Mporium announced a Strategic Collaboration Agreement with Allay, a leading Claims Management Company. This transformational deal represents a strategic partnership that provides Mporium and Allay with the potential to drive significant profitability from the growth of the consumer regulation sector. As part of the deal, Mporium was appointed exclusive supplier of consumer lead generation for Allay and Allay were granted 25% of the enlarged Mporium share capital, rising to a maximum of 29.9% subject to performance.

The Allay Strategic Collaboration Agreement is the catalyst for the transformation in the level of revenue generated by Mporium during 2019. To date, invoices exceeding £18.0 million have been fulfilled as a result of the relationship with Allay. As previously announced, while it is taking longer than anticipated to achieve gross margin aspirations, the recent restructuring provides greater focus on this opportunity.

In April 2019, Mporium entered into a loan agreement for £1 million, repayable over a 12-month period.

In June 2019, the Group conditionally raised £1.9m net by way of subscription through a placing of 192,300,000 shares at 1 per share. Upon completion, the investors will also receive 192,300,000 warrants exercisable between 10 December 2019 and 10 December 2021 with a subscription price of 1.5 pence per warrant. The subscription is conditional upon (amongst other things) shareholder approval at a General Meeting on 2nd July 2019. If approved, the share capital of the Group will increase to 1,037,482,052 shares.

In June 2019, the Group began a major restructuring of the business to refocus on the performance-led MporiumX division. As part of this restructuring, the Group is undertaking a strategic review of FWM, to determine the appropriate course of action with respect to the business.

On behalf of the Board

Nelius De Groot
Chief Executive Officer
27 June 2019

Directors' report for the year ended 31 December 2018

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

The preparation of financial statements is compliant with IFRS as adopted by the European Union. The Group financial statements consolidate the financial statements of Mporium Group plc and its subsidiaries as disclosed in Note 16.

Directors of Mporium Group plc

The Directors shown below have held office during the year of 2018:

- A Casey
- N Bertolotti – appointed 28/2/2018
- N De Groot
- B Moat – resigned 10/6/2019
- S Bjornstaad – resigned 28/2/2018

Aidan Casey is an independent non-executive director. On 28 February 2018, Staale Bjornstaad stepped down from the Board and Nick Bertolotti was also appointed as a Non-Executive Director. On 10 June 2019, Barry Moat, Executive Chairman, resigned from the Board. The Group announced its intention to appoint a new Chairman as soon as practicable.

Financial risk management objectives and policies

The Group's activities expose it to some degree of liquidity, credit and currency risks. The objective and polices which have been adopted in respect of these risks are described below. Mporium monitors these risks but does not consider it necessary to use any derivative financial instruments to hedge these risks.

Liquidity and cash flow risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest in cash assets safely and profitably. This involves regular cash flow forecasting of short and medium term cash requirements and the raising of equity and debt financing. See going concern considerations as disclosed in Note 2.

Credit risk

Credit risk arises from exposure to outstanding receivables. Potential new customers are assessed for credit risk before credit is given, to minimize credit exposure. Credit limits with existing customers are regularly reviewed, particularly with any overdue accounts. See note 4 for further information.

Currency risk

The significant majority of the Group's revenues and costs are in sterling therefore currency risk is not considered significant. To the extent that transactions are incurred in other currencies, Mporium will typically exchange to or from sterling as required rather than hold significant foreign currency balances. No forward exchange or other such financial instruments have been used in the period.

Further information on the financial risk management strategy of the Group and of the exposure of Mporium to currency risk, credit risk and liquidity risk is set out in note 4 to the financial statements.

Charitable and political donations

During the year, and in the previous year, the Group did not make any charitable or political contributions.

Dividend policy

No dividend was paid during the current year or prior year.

Employees

Mporium's policy of providing employees with information about the Group has continued and regular company meetings are held between management and employees to allow exchanges of information and ideas. The Group continues to consider ways to encourage the involvement of employees in Mporium's performance. The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is Mporium's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

Research and development

Mporium undertakes development activities which involve a planned investment in the building and enhancement of the Mporium products. Development expenditure is capitalised as an intangible asset, only if the development costs can be measured reliably and the product being built will be completed and will generate future economic benefits in the form of cash flows to the Group. Expenditure being capitalised includes internal staff time and cost spent directly on developing the trading product. Further information on development activities are provided in the Strategic Report.

Future developments

Further information on future developments are provided in the Strategic Report.

Going concern

The Group incurred a net loss before tax of £7,730,531 during the year ended 31 December 2018. The Directors have prepared a cash flow forecast for the going concern period. The cash flow forecast assumes the fundraising announced on 14 June 2019 for £1.9m is received and relies upon cost savings associated with the recently announced restructuring of the Mporium business and the strategic review of the FWM business. The restructuring of the Mporium business is already underway and headcount reductions will have completed by mid-July. The strategic review of FWM is also underway and the Directors expect to decide on the future direction of the business by the end of July.

The directors have a reasonable expectation that the fundraising announcing on 14 June 2019 will be successful. Whilst it remains subject to shareholder approval, current discussions with major shareholders indicate support. On the basis of the current funding round, restructuring and headcount reductions, the directors consider that Mporium will have adequate resources to continue in operational existence throughout the going concern period. Thus, they have adopted the going concern basis of accounting in preparing the annual financial statements.

The financial statements have been prepared assuming the Group and Company will continue as a going concern. In assessing whether the going concern assumption is appropriate, management has considered the Group's and Company's existing working capital position and the current raise of £1.9m gross. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. It is noted that the 14 June 2019 fundraise is required to support the short term working capital requirements of the Group to enable it to continue as a going concern. In addition if the forecast cost savings and revenue expectations cannot be achieved then additional funding may be required. If this additional funding is not available then the Group and Company would be unlikely to be able to continue as a going concern. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern and therefore may be unable to realise assets and discharge liabilities in the normal course of business.

Corporate Governance

The Group have decided to adhere to the Quoted Companies Alliance's Corporate Governance Code for small and mid-size quoted companies (as revised in April 2018 to meet the new requirements of AIM Rule 26 (the "QCA Code"). Details of how the Group have applied the code can be found on the Group's website at the following URL https://mporium.com/investors/corporate-governance/.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report and 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of Mporium Group plc and the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- follow IFRS, subject to any material departures disclosed and explained in the financial statements and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Principal risks and uncertainties

The key business risks affecting the Group are set out below:

Financial

See financial risk management and policies included in the Directors' Report on page 10.

Technology

The Company's performance is dependent on its technology keeping pace with developments in Data Science, AdTech, MarTech, eCommerce and cloud technology. Mporium manages this risk by a commitment to research and development combined with ongoing dialogue with trading partners and sector specialists to ensure that market developments are understood. During 2018, Mporium dramatically reduced the its use of third-party developers and data science resources, building out the engineering and data science functions within the Company.

Recruitment and retention of staff

Mporium relies on the experience and talent of key personnel and on its ability to recruit and retain qualified employees for the success of its business. Overall staff numbers were flat during the year. Staff numbers in the FWM business reduced by 30%, reflecting the reduction in clients and associated revenues. There was an offsetting increase of 7 employees in Mporium Ltd and Group, reflecting the workload associated with product adoption and demands from clients. Directors closely monitored the overall staffing levels throughout the year.

Revised client strategy

The commercial performance of the business and the reputation of the Group could be significantly impaired if Mporium is unsuccessful in acquiring enough clients in its target market. The Group's working capital requirements may be affected by the rate of customer acquisition and other factors such as payback period and churn rate of new customers.

Reliance on key systems and major supply chain contracts

Mporium's business relies on various key systems, including SaaS and third party hosted infrastructure. If the Group's access to or use of these systems and services was restricted or terminated, Mporium would have to incur expense sourcing a suitable replacement and/or alternative systems and services, and time in relation to staff training, which could have a materially adverse effect on Mporium's business, operation and financial position.

Ability to raise future finance

The Group's rate of growth in the longer-term may be influenced by its ability to raise finance in the future. The directors pay close attention to the financial resources available to the Group such that this risk can be mitigated.

Ability to generate revenues in the future

The Group is undergoing a major restructuring that will streamline and refocus the business. This restructuring is being undertaken on an accelerated basis and is expected to be complete by end July. As subsequent trading information is generated, the Board should be able to take more comfort in the predictability of the Group's revenues.

On behalf of the Board

Nelius De Groot
Chief Executive Officer
27 June 2019

Independent auditor's report to the members of Mporium Group Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Mporium Group Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the consolidated statement of total comprehensive income, the consolidated and company statement of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2018 and of the Group's loss;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group incurred a net loss before taxation of £7,730,531 and cash outflows from operating activities of £4,224,907 during the year ended 31 December 2018. This condition, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Grant Thornton

Overview of our audit approach

- Overall materiality: £251,800, which represents 3.3% of the Group's loss before taxation;
- Key audit matters were identified as the carrying value of intangible assets and revenue recognition;
- We performed full scope audit procedures on Mporium Group Plc, Mporium Limited and Fast Web Media Limited and analytical audit procedures on InTELEgentsia Limited.

Key audit matters

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

Key Audit Matter – Group

Carrying value of intangible assets

At the year end the Group has £1.96m of intangible assets (2017: £3.69m) which includes the following balances:

Intangibles – Group	NBV 2018	NBV 2017
Development platform	£1.95m	£2.12
Goodwill	£0.0m	£1.45
Other intangibles	£0.01m	£0.12
Total	**£1.96m**	**£3.69**

The Directors are required to consider indicators of impairment in accordance with IAS 36 Impairment of Assets, and, for those with a useful economic life, to consider whether the asset is being amortised over an appropriate period.

Under IAS 36, the Group is required to perform a quantified impairment test annually for goodwill acquired in a business combination. The goodwill recorded relates to the acquisition of Fast Web Media Limited. There is a risk that the carrying value of the goodwill may be higher than the recoverable amount.

The process of making the impairment assessment through forecasting cash flows, the determination of the appropriate discount rate and other assumptions to be applied can be highly judgemental and can significantly impact the results of the impairment review.

We therefore identified carrying value of intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit – Group

Our audit work on the carrying value of intangible assets included, but was not restricted to:

- Assessing whether the accounting policy for amortisation was compliant with IFRS as adopted by the European Union and whether the Group has accounted for amortisation in accordance with that policy, including whether it is consistent with the prior year.
- Obtaining the assessment produced by management as to whether there are any impairment indicators for the development platform and corroborating the assessment performed with management personnel. This included an assessment of the current and future customer base, the market potential and the market capitalisation of the company.
- Recalculating the amortisation charge for the year.
- In relation to goodwill, assessing management's impairment model and discounted cash flow forecasts by:
  - Checking the mathematical accuracy of the model
  - Evaluating the information included in the impairment model through our knowledge of the business
  - Assessing the appropriateness of the discount rate applied by management
  - Performing a sensitivity analysis on the forecasts
  - Testing the accuracy of managements forecasting of cash flows through a comparison of budget to actual data for the year ended 31 December 2018 and historical variance trends

The Group's accounting policy on impairment of intangible assets and goodwill is shown in note 2 to the financial statements and related disclosures in note 3 and note 14.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
	Key observations We challenged management on the forecast revenue of Fast Web Media Lmited following loss of a key customer and management's decision to restructure the business post year end. Management have recognised an impairment expense of £1.45m to write down the value of the goodwill due to poor performance of the cash generating unit to which it relates. We agree with management's adjustment to fully impair the goodwill balance at the year end. Our testing did not identify any material misstatements in the carrying value of the goodwill and other intangible assets. We found no reason for any further impairment of intangible assets or any additional factors to be considered that would affect the carrying value of intangible assets recognised within the financial statements and we found no material errors in calculations.
Revenue recognition During the year, the Group generated revenues of £0.91mm (2017: £1.98m). Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. The Group's revenues comprise of digital agency services and software licenses provided to external customers. Revenues are material to the business and there have been significant movement within revenue streams during the year. This presents a risk of material misstatement. The Group has secured new contracts with customers in the year. Amounts may be recorded as accrued revenue at the year end which do not meet the requirements for recognition under IFRS 15. Because of this, we identified revenue recognition as a significant risk which was one of the most significant assessed risks of material misstatement.	Our audit work on the occurrence of revenues included, but was not restricted to: • Documenting our understanding of the company's process and controls over recording revenue along with associated walkthroughs • We performed substantive testing on a sample of revenue transactions throughout the year across each of the revenue streams to evaluate whether revenue is recognised in accordance with the contract terms, having considered the principles of IFRS 15. • We tested the sample selected above by agreeing to the underlying contracts and evidencing delivery of the performance obligations. • We challenged management as to whether the requirements of IFRS 15 have been met and therefore whether it is appropriate to record this amounts as revenue. The Group's accounting policy on revenue recognition is shown in note 2 to the financial statements and related disclosures are included in note 5. **Key observations** We agreed with management's assessment that due to the nature of revenues during the preceding year, there is no impact on existing revenue streams on transition to IFRS 15. The accounting policy for the recognition of revenue is appropriate under IFRS 15. We challenged management whether accrued revenues under new agreements should be included within its financial statements. Based on the information provided we could not establish that the requirements of IFRS 15 were met. We concluded that the accrued revenues recognised under the new agreement should not be included within the financial statements. An adjustment has been posted to reverse the revenues recorded including the revenue included in the unaudited half year results. We have no other observations to report on in context of occurrence of revenue. Our testing did not identify any significant deficiency in the design of controls that would have required us to expand the nature or scope of our planned work.

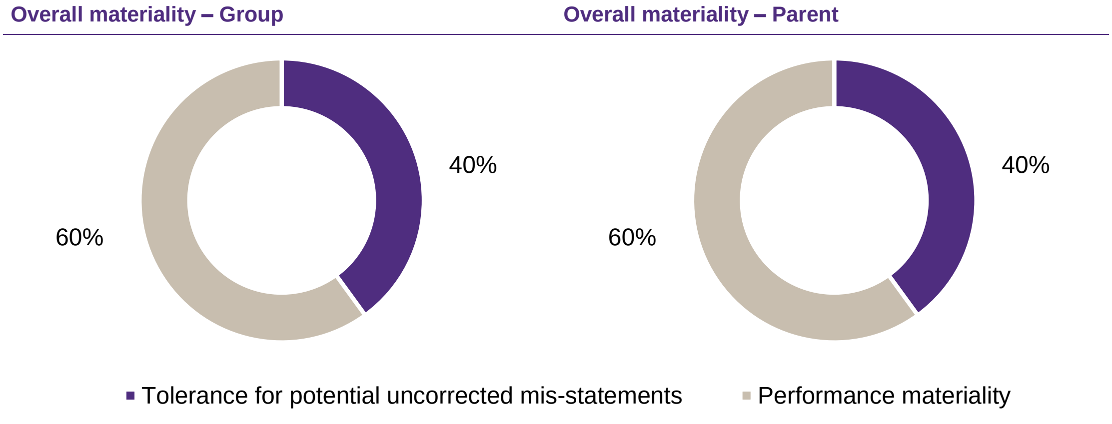
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£251,800 which represents 3.3% of the Group's loss before taxation This benchmark is considered the most appropriate because this is a trading Group and it is therefore appropriate to base the materiality on its financial performance as this is a key measure used by management and shareholders and is a generally accepted audit benchmark. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2017 to reflect an increased loss for the current year.	£22,900 which is 2% of total assets as at 31 December 2018. This benchmark is considered the most appropriate because this is a holding company and does not generate trading revenues and it is therefore appropriate to base the materiality on its total assets as this is a key measure used by management and shareholders and is a generally accepted audit benchmark. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2017 to reflect the decrease in total assets at the current year end.
Performance materiality used to drive the extent of our testing	60% of financial statement materiality.	60% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions. This was determined to be £5,000.	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions. This was determined to be £5,000.
Communication of misstatements to the audit committee	£19,325 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£1,145 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- Evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. Significance was determined by considering each as a percentage of the group's total assets, revenues and profit before taxation;

- As part of the planning process we assessed the group's internal processes and control environment before starting our year end procedures. mporium Group plc has centralised processes and controls over the key areas of our audit focus. Group management are responsible for all judgemental processes and significant risk areas. A centralised finance team performs all accounting processes and we tailored our audit response accordingly with all audit work being undertaken by the group audit team.
- We performed a full scope audit of mporium Group plc, mporium Limited and Fast Web Media Limited. Work on mporium Limited and Fast Web Media Limited was performed to materiality appropriate for their local statutory opinions and the audit team confirmed this was lower than relevant component materialities.
- The total percentage coverage of full scope procedures over revenue and profit before tax was 100%
- The total percentage coverage of full scope procedures over total assets was 100%
- Analytical procedures were performed on InTELEgentsia Limited.
- Our audit approach was fully substantive in nature and consistent with the 2017 approach.

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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

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

Use of our report

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

Perry Burton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
27 June 2019

Consolidated financial statements Mporium Group plc

Consolidated statement of total comprehensive income for the year ended 31 December 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Continuing operations			
Revenue	5	911,263	1,977,799
Cost of sales		(71,653)	(155,268)
Gross profit		**839,610**	**1,822,531**
Administrative expenses	6	(8,568,180)	(6,824,389)
Other operating income	8	0	1,131,234
Operating loss		**(7,728,570)**	**(3,870,624)**
Financial income	9	1,851	1,097
Financial expense	10	(3,812)	(2,907)
Loss from continuing operations before taxation		**(7,730,531)**	**(3,872,434)**
Taxation	11	693,015	702,380
Total loss		**(7,037,516)**	**(3,170,054)**
Other Comprehensive Income			
Revaluation of Investment	15	(164,245)	(376,942)
Total other Comprehensive Income		**(164,245)**	**(376,942)**
Total comprehensive losses attributable to equity holders of the parent company		**(7,201,761)**	**(3,546,996)**
Basic and diluted loss per share for losses attributable to the owners of the parent during the period	12	(0.01)	(0.01)

The notes on pages 27 to 48 form part of these financial statements

Consolidated financial statements Mporium Group plc

Consolidated statement of financial position as at 31 December 2018

	Notes	31 December 2018 £	31 December 2017 £
Non-current assets			
Property, plant and equipment	13	190,101	395,385
Other intangible assets	14	1,963,587	3,686,385
Investments	15	0	347,063
Total Non-current assets		**2,153,688**	**4,428,833**
Current assets			
Trade and other receivables	17	1,044,224	3,142,832
Cash and cash equivalents	18	994,135	2,036,224
Total Current Assets		**2,038,359**	**5,179,056**
Total assets		**4,192,047**	**9,607,889**
Current liabilities			
Trade and other payables	19	(553,260)	(1,222,938)
Total Current liabilities		**(553,260)**	**(1,222,938)**
Net assets		**3,638,787**	**8,384,951**
Equity			
Share capital	20	3,169,433	2,939,433
Share premium	20	25,179,124	23,208,365
Share option reserve		1,956,596	1,746,003
Merger Reserve		7,641,598	7,641,598
Retained earnings - deficit		(34,307,964)	(27,150,448)
Equity shareholders' funds		**3,638,787**	**8,384,951**

The financial statements were approved and authorised for issue by the Board of directors on 27 June 2019 and were signed on its behalf by

Nelius De Groot
Director
Company Registration Number: 08696120

The notes on pages 27 to 48 form part of these financial statements

Consolidated financial statements Mporium Group plc

Company statement of financial position as at 31 December 2018

	Notes	31 December 2018 £	31 December 2017 £
Non-current assets			
Intangible assets	14	69,443	262,366
Investment in subsidiaries	16	0	1,202,492
Investments	15	0	347,063
Total Non-current assets		**69,443**	**1,811,921**
Current assets			
Trade and other receivables	17	172,468	2,004,271
Cash and cash equivalents	18	904,396	1,586,773
Total Current Assets		**1,076,864**	**3,591,044**
Total assets		**1,146,307**	**5,402,965**
Current liabilities			
Trade and other payables	19	(269,731)	(867,219)
Total Current liabilities		**(269,731)**	**(867,219)**
Net assets		**876,576**	**4,535,746**
Equity			
Share capital	20	3,169,433	2,939,433
Share premium	20	25,179,125	23,208,365
Share option reserve		1,328,600	1,211,565
Other reserve		(57,468)	(57,468)
Retained earnings		(28,743,114)	(22,766,149)
		876,576	**4,535,746**

Mporium Group plc ("the company") has taken advantage of the exemption allowed under sections 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in the financial statements. The company loss after tax for the period ended 31st December 2018 is £5,812,719 (2017: £5,165,260).

The financial statements were approved and authorised for issue by the Board of directors on 27 June 2019 and were signed on its behalf by

Nelius De Groot
Director
Company Registration Number: 08696120

The notes on pages 27 to 48 form part of these financial statements

Consolidated financial statements Mporium Group plc

Consolidated statement of changes in equity for the year ended 31 December 2018

	Retained earnings	Share capital	Share premium reserve	Share option reserve	Merger reserve	Total
	£	£	£	£	£	£
31 December 2016	**(23,863,266)**	**2,571,027**	**17,493,454**	**1,854,505**	**7,641,598**	**5,697,318**
Transactions with owners:						
Share-based payments	-	-	-	151,313	-	151,313
Transfer related to lapsed share options	259,815	-	-	(259,815)	-	-
Share issue cost	-	-	(198,032)	-	-	(198,032)
Share issues during the period	-	368,406	5,912,943	-	-	6,281,349
Total transactions with owners	**259,815**	**368,406**	**5,714,911**	**(108,502)**	**-**	**6,234,629**
Total loss for the year	(3,170,054)	-	-	-	-	(3,170,054)
Other comprehensive income – revaluation of investment	(376,943)	-	-	-	-	(376,943)
31 December 2017	**(27,150,448)**	**2,939,433**	**23,208,365**	**1,746,003**	**7,641,598**	**8,384,951**
Transactions with owners:						
Share-based payments	-	-	-	254,838	-	254,838
Transfer related to lapsed share options	44,245	-	-	(44,245)	-	-
Share issue cost	-	-	(99,241)	-	-	(99,241)
Share issues during the period	-	230,000	2,070,000	-	-	2,300,000
Total transactions with owners	**44,245**	**230,000**	**1,970,759**	**210,593**	**-**	**2,455,597**
Total loss for the year	(7,037,516)	-	-	-	-	(7,037,516)
Other comprehensive income – revaluation of investment	(164,245)	-	-	-	-	(164,245)
31 December 2018	**(34,307,964)**	**3,169,433**	**25,179,124**	**1,956,596**	**7,641,598**	**3,638,787**

The notes on pages 27 to 48 form part of these financial statements.

Consolidated financial statements Mporium Group plc

Company statement of changes in equity for the period ended 31 December 2018

	Retained earnings	Share Capital	Share premium reserve	Share option reserve	Other reserve	Total
	£	£	£	£	£	£
31 December 2016	**(17,281,634)**	**2,571,027**	**17,493,454**	**1,183,509**	**(57,468)**	**3,908,888**
Transactions with owners:						
Transfer related to lapsed share options	57,687	-	-	(57,687)	-	-
Share-based payments	-	-	-	85,743	-	85,743
Share issue cost	-	-	(198,032)	-	-	(198,032)
Share issues during the year	-	368,406	5,912,943	-	-	6,281,349
Total transactions with owners	**57,687**	**368,406**	**5,714,911**	**28,056**	**-**	**6,169,060**
Total loss for the year	(5,165,260)	-	-	-	-	(5,165,260)
Other comprehensive income – revaluation of investment	(376,942)	-	-	-	-	(376,942)
31 December 2017	**(22,766,149)**	**2,939,433**	**23,208,365**	**1,211,565**	**(57,468)**	**4,535,746**
Transactions with owners:						
Transfer related to lapsed share options	-	-	-	-	-	-
Share-based payments	-	-	-	117,035	-	117,035
Share issue cost	-	-	(99,240)	-	-	(99,240)
Share issues during the year	-	230,000	2,070,000	-	-	2,300,000
Total transactions with owners	**-**	**230,000**	**1,970,760**	**117,035**	**-**	**2,317,795**
Total loss for the year	(5,812,719)	-	-	-	-	(5,812,719)
Other comprehensive income – revaluation of investment	(164,246)	**-**	**-**	**-**	**-**	(164,246)
31 December 2018	**(28,743,114)**	**3,169,433**	**25,179,125**	**1,328,600**	**(57,468)**	**876,576**

The notes on pages 27 to 48 form part of these financial statements.

Consolidated financial statements Mporium Group plc

Consolidated statement of cash flows for the year ended 31 December 2018

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Operating activities		
Loss from continuing operations before taxation	(7,730,531)	(3,872,434)
Adjustments for:		
Depreciation of property, plant and equipment	236,104	197,524
Amortisation of intangible assets	1,223,333	959,670
Impairment of intangible assets	1,445,523	-
Share-based payment expense	254,838	151,312
Financial income	(1,851)	(1,097)
Financial expense	3,812	2,907
Cash outflow from operating activities before changes in working capital	**(4,568,772)**	**(2,562,118)**
Decrease in trade and other receivables	263,507	404,533
Decrease in trade and other payables	(671,128)	(60,367)
Change in working capital	**(407,621)**	**344,166**
Income taxes recovered	751,486	679,497
Net cash used in operating activities	**(4,224,907)**	**(1,538,455)**
Investing activities		
Interest received	1,851	1,097
Invested in intangible assets	(946,058)	(1,764,204)
Purchase of property, plant and equipment	(30,820)	(246,973)
Sale proceeds	182,818	-
Net cash used in investing activities	**(792,209)**	**(2,010,080)**
Financing activities		
Interest paid	(3,812)	(2,907)
Issue of share capital	4,078,080	4,503,269
Cost of Issue of share capital	(99,241)	(198,032)
Net cash from financing activities	**3,975,027**	**4,302,330**
Net decrease in cash and cash equivalents	**(1,042,089)**	**753,795**
Cash and cash equivalents at start of year	**2,036,224**	**1,282,429**
Cash and cash equivalents at end of year	**994,135**	**2,036,224**

The notes on pages 27 to 48 form part of these financial statements.

Consolidated financial statements Mporium Group plc

Company statement of cash flows for the year ended 31 December 2018

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Operating activities		
Loss before taxation	(5,812,719)	(5,165,260)
Adjustments for:		
Amortisation of intangible assets	192,923	333,334
Impairment of investment in subsidiary	1,202,492	-
Share based-payment expense	117,035	85,743
Provision for intercompany receivable	3,295,894	4,560,114
Financial income	(1,801)	(1,060)
Financial expense	1,577	951
Cash flows from operating activities before changes in working capital	**(1,004,599)**	**(186,178)**
Increase in trade and other receivables	(3,232,797)	(3,660,295)
Decrease (increase) in trade and other payables	(606,862)	176,608
Change in working capital	**(3,839,659)**	**(3,481,687)**
Net cash used in operating activities	**(4,844,258)**	**(3,667,865)**
Investing activities		
Interest received	1,801	1,060
Sale proceeds	182,818	-
Net Cash used in investing activities	**184,619**	**1,060**
Financing activities		
Interest paid	(1,577)	(951)
Issue of share capital	4,078,080	4,503,269
Cost of Issue capital	(99,241)	(198,032)
Net cash from financing activities	**3,977,262**	**4,304,286**
Net (decrease) in cash and cash equivalents	**(682,377)**	**637,481**
Cash and cash equivalents at start of period	**1,586,773**	**949,292**
Cash and cash equivalents at end of period	**904,396**	**1,586,773**

The notes on pages 27 to 48 form part of these financial statement

Notes to the consolidated and company financial statements

1 General information

Mporium Group plc (AIM:MPM) ("Mporium" or the "Company"), is a public company incorporated in the UK and listed on the London Stock Exchange's AIM market and acts as a holding company for Mporium Limited and Fast Web Media Limited.

Mporium Group plc and its subsidiaries are a "mobile first" technology company at the forefront of event-driven marketing.

2 Accounting policies

Statement of Compliance

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'). These financial statements have also been prepared in accordance with the Companies Act 2006 as applicable to companies reporting under IFRS.

Basis of preparation

The financial statements are prepared under the historical cost convention and presented in Pounds Sterling, the Group's presentational currency and the company's functional currency. The accounting policies have been applied consistently by the Group to all periods presented in these financial statements.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

The Group financial statements consolidate the financial statements of the Company and its subsidiaries. The parent company financial statements present information about the Company as a separate entity and not about its group.

Basis of consolidation

The financial information consolidates the financial statements of the Company and its subsidiary undertakings. The results of subsidiaries acquired are consolidated for the period from the date on which control passes. Control as defined under IFRS 10 is when the Group obtains the power over the investee, exposure or rights to variable returns from involvement in the investee and the ability to use its power to affect the amount of the investee's returns.

Business combinations are consolidated under the acquisition method of accounting from the date on which the Group obtains control. The cost of a business combination is measured at the fair value of the consideration given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the fair value of consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the costs of the acquisition are less than the fair value of the net assets acquired the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full. The accounting policies which follow set out the policies applied in preparing the Group and company financial information.

Going concern

The Group incurred a net loss before tax of £7,730,531 during the year ended 31 December 2018. The Directors have prepared a cash flow forecast for the going concern period. The cash flow forecast assumes the fundraising announced on 14 June 2019 for £1.9m is received and relies upon cost savings associated with the recently announced restructuring of the Mporium business and the strategic review of the FWM business. The restructuring of the Mporium business is already underway and headcount reductions will have completed by mid-July. The strategic review of FWM is also underway and the Directors expect to decide on the future direction of the business by the end of July.

The directors have a reasonable expectation that the fundraising announcing on 14 June 2019 will be successful. Whilst it remains subject to shareholder approval, current discussions with major shareholders indicate support. On the basis of the current funding round, restructuring and headcount reductions, the directors consider that Mporium will have adequate resources to continue in operational existence throughout the going concern period. Thus, they have adopted the going concern basis of accounting in preparing the annual financial statements.

The financial statements have been prepared assuming the Group and Company will continue as a going concern. In assessing whether the going concern assumption is appropriate, management has considered the Group's and Company's existing working capital position and the current raise of £1.9m gross. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. It is noted that the 14 June 2019 fundraise is required to support the short term working capital requirements of the Group to enable it to continue as a going concern. In addition if the forecast cost savings and revenue expectations cannot be achieved then additional funding may be required. If this additional funding is not available then the Group and Company would be unlikely to be able to continue as a going concern. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern and therefore may be unable to realise assets and discharge liabilities in the normal course of business.

Changes in accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those financial statements. Two new accounting standards IFRS 9 and IFRS 15 have been adopted during this period. IFRS 15 has been adopted using a modified retrospective ("cumulative catch-up") approach under which changes having a material effect on the consolidated statement of financial position as at 1st January 2018 are presented together as a single adjustment to the opening balance of retained earnings. Accordingly, the Group is not required to present a third statement of financial position as at that date. There was no adjustment to the opening balance of retained earnings. The adoption of IFRS 15 and IFRS 9 did not result in any changes to the opening balance sheet.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9, 'Financial Instruments';
- IFRS 15, 'Revenue from Contracts with Customers';
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2;
- Annual Improvements 2014-2016 cycle;
- Transfers to Investment Property – Amendments to IAS 40; and;
- Interpretation 22, 'Foreign Currency Transactions and Advance Consideration'.

Certain new standards, amendments to standards and interpretations to existing standards have been published that are not mandatory for the Group's accounting periods beginning after 1st January, or later periods, to which the Group has decided not to adopt early when early adoption is available for those adopted by the EU. These are:

- IFRS 14 Regulatory Deferral Accounts (IASB effective 1 January 2016 – deferred until final standard released)
- IFRS 16 Leases (IASB effective 1 January 2019)
- IFRS 17 Insurance contracts (IASB effective date 1 January 2021)
- IFRIC 22 Foreign currency transactions and advance consideration (IASB effective date 1 January 2018 – not yet adopted by the EU)
- IFRIC 23 Uncertainty over income tax treatments (IASB effective date 1 January 2019)
- Amendments to IFRS 4: Applying IFRS9 financial instruments with IFRS 4 Insurance Contracts (IASB effective date 1 January 2018 – not yet endorsed)
- Amendments to IAS 7: Disclosure Initiative (IASB effective date 1 January 2017 – not yet endorsed)

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (IASB effective date 1 January 2017 – not yet endorsed)
- Clarifications to IFRS 15: Revenue from Contracts with Customers (IASB effective date 1 January 2018 – not yet endorsed)

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, since the distinction between operating and finance leases is removed. Under the new standard, an asset (that is, the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The Group's assessment is that the new standard will have minimal impact on the Group's financial statements and the Group will apply the standard from its mandatory adoption date of 1 January 2019.

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the year of initial application. The Directors do not consider application of any of the amendments made to existing standards as a result of the 2011 – 2013 annual improvements project, and IAS 1 and IAS 19, will have a material effect on the financial statements of the Group.

Revenue

In accordance with IFRS 15, "Revenue from Contracts with Customers", the Group has reviewed all contracts to ensure compliance with the standard that the Group have implemented for the first time in 2018.

Revenue comprises of services and software licences that are provided to external customers (excluding VAT and other sales taxes).

For Mporium, contracts may be performance-based, license-based or calculated as a percentage of spend under management. In each case, the transaction price is determined by commercial considerations relating to scale, the duration of the activity, and in the case of performance-based contracts the specific sector of operation is a key determinant.

For FWM, contracts are either based on estimated effort or less frequently are executed on a fixed-price basis. The transaction price is determined using a rate card.

For both companies, the standard payment terms are 30 days, with no significant contracts operating on a longer duration.

Consideration received from customers in respect of services is only recorded as revenue to the extent that the Group has performed its contractual obligations in respect of that consideration, and therefore it is expected that economic benefits will flow to the Group.

Much of the revenue for both companies is tied into paid media advertising, providing a mechanism for recognising revenue when performance obligations are satisfied. This methodology has been used for both companies over a number of years and so has no impact on previous years revenue, nor will it change how we are recognising revenues currently.

Revenue from software licences for the use of the technology product is recognised evenly over the period of the licence in order to reflect the on-going obligations of the Group. These revenues are recorded under licence, transaction and other recurring revenue per note 5 of the accounts.

Revenue for retained work by FWM is recognised over the term of the agreement and in the period that the services were delivered. These service revenues are recorded under licence, transaction and other fees to existing customers per note 5 of the accounts.

Revenue for project work by FWM is recognised over the term of the agreement and in the period that the services were delivered. These service revenues are recorded under upsold project fees to existing customers per note 5 of the accounts.

Property, plant and equipment

Property, plant and equipment is stated at cost, or deemed cost less accumulated depreciation, and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets less any residual value over their estimated useful lives on the following bases:

Office equipment	33% straight line

Furniture and Fixtures	33% straight line
Computer Hardware	33% straight line
Computer Software	33% straight line

Intangible assets

Intangible assets, representing amounts paid to third parties and internal resources for development of the Mporium SaaS Platform, are stated at cost, or deemed cost less accumulated amortisation, and any recognised impairment loss. A Software licence between Cxense ASA and the Company has been recognised as an intangible asset and has been fully amortised over the three-year license. Further information on the accounting policy for Research and development activities is provided below.

Amortisation is charged to write off the cost of an asset less any residual value over their estimated useful lives and on the following basis:

Development product	33% straight line
Intellectual property	33% straight line

Depreciation and amortisation charges will start when revenues are derived from the asset and the respective charge included within administrative expenses in the statement of comprehensive Income.

Goodwill

The annual evaluation for impairment of goodwill is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans. We believe such assumptions are also comparable to those that would be used by other marketplace participants. When certain events or changes in operating conditions occur, an impairment assessment is performed and an intangible asset may be adjusted to a determinable life. Any impairment is recognised in the period in which it is identified.

Investments

Investments held by the Company in its subsidiary undertakings are stated at cost less provision for any impairment in value.

Financial assets and financial liabilities

The valuation of financial assets and liabilities is conducted according to IFRS 9. These assets and liabilities are recognised at amortised cost except for financial assets at fair value through other comprehensive income. The Group's shareholding in Cxense was previously classified as available for sale under IAS 39 and is reclassified as financial assets carried at fair value through OCI as a result of the adoption of IFRS 9 in this set of results.

Impairment of property, plant and equipment and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement and is included in the administrative expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Conversion of foreign currency

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Non-monetary assets having been translated are carried at their historical cost.

Exchange differences are recognised in the statement of total comprehensive income for the year.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

In considering impairment of financial assets, the Group uses a wide range of information when assessing credit risk and measuring credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expanded collectability of future cash flows of the instrument.

The Group adopts a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently carried at amortised cost less impairment. At the end of each accounting period they are assessed for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand that is readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

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

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Commitments and contingencies

Commitments and contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after the statement of financial position date

Post year-end events that provide additional information about the Group's position at the statement of financial position date and adjusting events are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

Research and development activities

Expenditure on research or on the research phase of an internal project is recognised as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognised if, and only if, the following conditions apply:

- it is technically feasible to complete the asset for use by the Group;
- the Group has the intention of completing the asset for either use or resale;
- the Group has the ability to either use or sell the asset;
- it is possible to estimate how the asset will generate income;
- the Group has adequate financial, technical and other resources to develop and use the asset; and
- the expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit and loss in the period in which they are incurred.

Taxation

Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted, or substantively enacted, by the statement of financial position date.

Deferred taxation

Deferred tax is provided in full using the balance sheet liability method for all taxable temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured using currently enacted or substantially enacted tax rates. Deferred tax assets are recognised to the extent the temporary difference will reverse in the foreseeable future and it is probable that future taxable profit will be available against which the asset can be utilised.

Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except if another systematic basis is more representative of the time pattern in which economic benefits will flow to the Group.

Lease incentives and similar arrangements of incentives are taken into account when calculating the straight-lined expense.

Share-based payments

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted.

This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to shareholders' equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

As part of the process surrounding the acquisition of Mporium Limited by Mporium Group Plc, the holders of all outstanding options under the Mporium Limited Share Scheme surrendered those entitlements in exchange for the grant, by Mporium Group plc, of Replacement Options that were on equivalent terms.

The profit and loss impact of share options issued by Mporium Group plc is recognised in the company which receives the benefits from those employees who hold the share options.

Shareholder's Equity

Equity comprises:

Share capital – the nominal value of ordinary shares is classified as equity.

Share premium reserve – represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Share option reserve – represents equity settled share-based employee remuneration.

Merger reserve – arising from the application of merger accounting following the principles of FRS 6.

Retained earnings – includes all current and prior period retained profits/(losses).

Employee benefits

The Group has agreed to make pension contributions to third party insurance companies in respect of certain employees at rates agreed with the individuals concerned. Such contributions are accounted for as they fall due on a defined contribution basis.

3 Critical accounting judgements and key estimation of uncertainty

Accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgments in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and reasonable expectations of future events. Actual results may differ from those estimates.

The accounting policies cover areas that are considered by the Directors to require estimates and assumptions which have significant risk of causing a material adjustment to the carrying amounts of assets & liabilities within the next financial year. The policies and the related notes to the financial statements are found below:

Recoverability of receivables (note 17)

The recoverability of the receivables is determined by the Group. Management monitors the circumstances relating to the payments due from third parties, together with the recoverability of the amounts due. Any indication of non-recoverability and change in fair value is adjusted for accordingly. Management feel comfortable with the current level of recoverability. Due to a small number of current clients and the closeness of those relationships, recoverability is deemed to be low risk, as the number of clients increase and the direct relationship with these clients potentially change management will assess the situation again.

Impairment of Intangible assets and goodwill (note 14)

Intangible assets include the capitalised development costs of the Mporium platform. These costs are assessed based on management's view of the internal and external development costs relating to time spent on projects that enhance the Mporium platform, supported by internal time recording and considering the requirements of IAS 38 'Intangible assets'. The development cost of the product is amortised over the useful life of the asset. The useful life is based on the management's estimate of the period that the asset will generate revenue, which is reviewed annually for continued appropriateness. The carrying value is tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgment. Future events could cause the assumptions to change; which could have an adverse effect on the future results of the Group.

An impairment review of the investment in FWM was performed by management through a discounted cash flow covering 5 years, growth in revenues have been assumed to be between 10% and 20%, this was used with a Weighted Average Cost of Capital (WACC) of 18%. For prudence, a greater WACC was used than previously (2017 15%). It was concluded that the total impairment of goodwill is required.

Share-based payments (note 24)

Share options are measured at their fair value using the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Going concern (note 2)

The directors have prepared and reviewed a business plan and cash flow forecast. The forecast includes a fund raising and contains certain assumptions about the level of future sales and gross margin achievable. These assumptions are the Directors' best estimate of the future development of the business.

Deferred taxation – potential asset in relation to tax losses carried forward (note 11)

The recoverability of the tax losses carried forward to future accounting periods is determined by the Group. Management monitors the circumstances relating to the future profitability of the Group, together with the anticipated utilisation of the amounts carried forward. Any indication of non-recoverability and change in fair value is adjusted for accordingly.

4 Financial instruments and treasury risk management

General objectives, policies and processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of directors. The Group does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments.

The Group does not issue or use financial instruments of a speculative nature.

Financial assets and liabilities are offset, and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Principal financial instruments

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

- Trade receivables;
- Cash and cash equivalents;
- Trade and other payables;
- Financial assets and liabilities

Financial Assets

In considering impairment of financial assets, the Group uses a wide range of information when assessing credit risk and measuring credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expanded collectability of future cash flows of the instrument.

The Group adopts a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Trade and other receivables are initially measured at face value and subsequently at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

	Group		Company	
	As at 31 December 2018	**As at 31 December 2017**	**As at 3131 December 2018**	**As at 31 December 2017**
	£	**£**	**£**	**£**
Cash and cash equivalents	994,135	2,036,224	904,396	1,586,773
Trade receivables	81,212	292,671	-	-
Fair value through OCI	-	347,063	-	347,063
	1,075,347	**2,675,958**	**904,396**	**1,933,836**

Trade receivables principally comprise amounts outstanding for services provided to customers. Average credit terms were 30 days and average debtor days outstanding were 33 days during 2018 (2017: 34 days). An impairment review of outstanding trade receivables is carried out at the period end and a specific amount provided for.

Financial Liabilities

Trade, other payables, loans with Mporium Group plc are measured at amortised cost.

	Group		Company	
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
	£	**£**	**£**	**£**
Current Liabilities				
Trade payables	284,779	440,229	89,068	64,401
	284,779	**440,229**	**89,068**	**64,401**

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Group targets the payments of trade payables between 30 to 90 days of receipt of the invoice.

Treasury risk management

The Group manages a variety of market risks, including the effects of changes in foreign exchange rates, liquidity and counterparty risks.

Credit risk

The Group's principal financial assets are cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are UK banks with high credit ratings assigned by international credit rating agencies.

The Group currently operates with positive cash and cash equivalents as a result of issuing share capital in anticipation of future funding requirements. The Group's investment policy is therefore one of achieving high returns with minimal risks.

The maximum exposure due to credit risk for the Group on trade and other receivables during 2018 was £267,270 (2017: £402,894). No collateral is held in respect of these amounts.

	As at 31 December 2018	**As at 31 December 2017**
	£	**£**
Outstanding between one and two months	62,596	202,040
Outstanding between two and three months	15,615	47,939
Outstanding more than three months	3,001	42,692
Less: allowance for receivables	-	-
	81,212	**292,671**

As at the year-end trade receivables of £3,001 were past due but not impaired (2017: £42,692).

Currency risks

The Group's operations are located in the United Kingdom. The Group's transactions are primarily denominated in sterling with little exposure to foreign currency risks. Due to the limited risks to the Group, forward exchange contracts are not considered necessary and are not used. The Group does not operate foreign currency bank accounts.

The translation risk on the Group's foreign exchange payables and receivables is considered to be immaterial due to their short-term nature.

Liquidity risk

Operational cash flow represents on going trading revenue and costs, administrative costs and research and development activities. The Group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Group's policy to ensure facilities are available as required is to issue equity share capital and loan notes in accordance with long-term cash flow forecasts.

The financial market turbulence and associated illiquidity in credit markets during the year has had no impact on the Group's ability to meet its financing requirements.

The Group actively manages its working finance to ensure it has sufficient funds for operations and planned research and development activities.

The Group's main financial liabilities are trade and other payables and borrowings. All amounts are due for payment in accordance with agreed settlement terms with suppliers or statutory deadlines.

Derivative financial instruments

The Group does not currently use derivative financial instruments as hedging is not considered necessary. Should the Group identify a requirement for the future use of such financial instruments, a comprehensive set of policies and systems as approved by the directors will be implemented.

In accordance with IFRS 9, "Financial instruments ", the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet specific requirements set out in the standard.

Capital management

The Group's activities are of a type and stage of development where the most suitable capital structure to continue as a going concern is mainly financed by equities and loans. The directors will reassess the future capital structure when projects under development are sufficiently advanced. The Group considers its capital to consist of share capital.

The Group's financial strategy is to utilise its resources and current trading revenue streams to further appraise and test the Group's research and development projects. Mporium Group plc keeps investors informed of its progress with its projects through regular announcements and raises additional equity finance at appropriate times.

5 Operating segments

The Group's operations are centred on providing software as service and supporting services. Revenues and results are reported to the Chief Operating Decision Maker on this basis and management therefore considers there to be one reporting segment covering the Group.

A supplementary analysis of revenue is as follows:

	Year ended 31 December 2018	**Year ended 31 December 2017**
	£	**£**
Product revenue	792,019	1,723,665
Agency project revenue	119,244	254,134
	911,263	**1,977,799**

The geographical split of revenue is as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
United Kingdom	864,376	1,084,434
Europe	46,887	893,365
	911,263	**1,977,799**

The largest single customer contributed 36% (2017:45%) of total revenues. Revenues from four individual customers contributed 77% of total Group revenues for the year.

6 Operating Loss

The operating loss is stated after charging the following amounts:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Depreciation of property, plant and equipment		
- owned	236,104	197,524
Amortisation of intangible assets	1,223,333	959,670
Office rent and services charges	560,165	444,846
Bad debt	42,692	-
Staff cost	3,427,970	3,212,649
Administration costs	1,632,391	2,009,700
Impairment of goodwill	1,445,523	-

Administrative expense includes the following services obtained from the Group's auditor, Grant Thornton UK LLP.

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Group Audit	65,920	49,250
Total Audit fees	**65,920**	**49,250**
Tax compliance work	6,300	12,755
Tax advisory – R&D tax credit advice	6,500	20,780
Tax advisory – tax advice on employment taxes	-	2,060
Tax advisory – tax advice on EIS	-	5,150
iXBRL Mapping	2,500	-

7 Staff costs and numbers

Staff cost (including directors' emoluments) incurred in the year were as follow:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Wages and salaries	2,746,209	2,609,875
Social security costs	330,186	378,376
Pension contributions	96,737	73,086
Share-based payments	254,838	151,312
Net Staff Cost	**3,427,970**	**3,212,649**

	Year ended 31 December 2018	Year ended 31 December 2017
Directors	3	4
Administration	5	5
Research and development	18	10
Operations	19	29
Customer services	3	-
Sales	7	7
Total	**55**	**55**

Directors' emoluments

The Directors and Executive Committee are the key management personnel of the company. The remuneration for the periods was:

	Salary / Fees	Benefits	Employers NI	Total short-term benefits	Post-employment benefits-defined pension contribution	Share-based payments	Total Emoluments
	£	£	£	£	£	£	£
	2018	**2018**	**2018**	**2018**	**2018**	**2018**	**2018**
Executive Directors							
B Moat[1]	270,000	62,534	39,892	**372,426**	5,690	-	**378,116**
N De Groot[2]	158,687	94,205	26,395	**279,287**	-	63,310	**342,597**
Non-executive Directors							
S Bjornstad[3]	3,750	-	-	**3,750**	-	-	**3,750**
Aiden Casey[6]	15,000	-	863	**15,863**			**15,863**
Nicholas Bertolotti[4]	-	-	-	**-**	-	23,188	**23,188**
Total emoluments	**447,437**	**156,739**	**67,150**	**671,326**	**5,690**	**86,498**	**763,514**

	Salary / Fees	Benefits	Employers NI	Total short-term benefits	Post-employment benefits-defined pension contribution	Share-based payments	Total Emoluments
	£	£	£	£	£	£	£
	2017	**2017**	**2017**	**2017**	**2017**	**2017**	**2017**
Executive Directors							
B Moat[1]	250,000	70,500	24,518	**345,018**	1,897	-	**346,915**
N De Groot[2]	61,538	61,227	14,559	**137,324**	-	63,310	**200,634**
R Gordon	38,267	-	4,154	**42,421**	-	-	**42,421**
Non-executive Directors							
N Walder	25,692	-	2,419	**28,111**	-	-	**28,111**
S Bjornstad[3]	15,000	-	-	**15,000**	-	-	**15,000**
Aiden Casey	15,000	-	938	**15,938**			**15,938**
Total emoluments	**405,497**	**131,727**	**46,588**	**583,812**	**1,897**	**63,310**	**649,019**

Notes

[1] Mr B Moat resigned as Chief Executive Officer and was appointed Executive Chairman 8 August 2017, he resigned as Executive Chairman 10 June 2019

[2] Mr N De Groot was appointed Chief Executive Officer 8 August 2017

[5] Mr S Bjornstad resigned as non-executive director 28 February 2018

[6] Mr N Bertolotti was appointed as non-executive director 28 February 2018

8 Other Operating Income

There was no Other Operating Income recognised in 2018. In November 2017 Mporium received income of £1,131,234 from Cxense, this was in relation to non-trading income associated with the removal of a lock-in agreement.

9 Financial income

	Year ended 31 December 2018	Year ended 31 December2017
	£	£
Interest receivable	1,851	1,097
	1,851	**1,097**

10 Financial expense

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Interest payable	3,812	2,907
	3,812	**2,907**

11 Taxation

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Research & development tax credits	(693,015)	(702,380)
Total tax credit in income statement	**(693,015)**	**(702,380)**

Reconciliation of the tax credit

The tax credit for the year is lower (2017: lower) than the tax credit on ordinary activities at the standard rate of corporation tax in the UK (2018: 19% and 2017: 19.25%) for the reasons set out in the following reconciliation.

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Loss on ordinary activities before taxation	(7,730,531)	(3,872,434)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(1,468,801)	(745,444)
Expenses not allowed for tax purposes	587,413	(232,486)
Deferred tax not recognised	(186,370)	-
Losses surrendered for R&D credit	854,844	968,800
R & D enhancement	(483,173)	(547,583)
Losses unrelieved in period - deferred tax not provided	696,088	622,435
Amounts relating to current year R&D credit	643,908	636,658
Amounts relating to prior years R&D credit	49,106	-
Tax credit	**693,015**	**702,380**

As at 31 December 2018 Mporium Group plc has trading tax losses available to be carried forward totalling £27,380,013 (2017: £20,342,497). Given the current position of the Group it is considered that there is not sufficient certainty over the utilisation of tax losses carried forward in order to recognise a deferred tax asset in the financial statements.

12 Loss per share

Diluted loss per share is calculated after showing the effect of outstanding options in issue. As the effect of the options would be to reduce the loss per share there is no requirement to disclose a diluted loss per share.

Calculation of loss per share is based on the following loss and numbers of shares:

	Year ended 31 December 2018	**Year ended 31 December 2017**
	£	**£**
Loss for the year	(7,201,761)	(3,546,996)
Weighted average ordinary shares in issue during the year	695,648,483	489,348,567
Loss per share	(0.01)	(0.01)

In January 2019, the Group announced a Strategic Collaboration Agreement with Allay, whereby Allay were granted 25% of the enlarged share capital of the Group, rising to a maximum of 29.9% subject to performance. The effect of the grant of 25% of the enlarged share capital was to increase the share capital by 211,295,513 shares to 845,182,052.

In June 2019, the Group conditionally raised £1.9m net by way of subscription through a placing of 192,300,000 shares at 1 per share. Upon completion, the investors will also receive 192,300,000 warrants exercisable between 10 December 2019 and 10 December 2021 with a subscription price of 1.5 pence per warrant. The subscription is conditional upon (amongst other things) shareholder approval at a General Meeting on 2nd July 2019. If approved, the share capital of the Group will increase to 1,037,482,052 shares.

If the subscription is confirmed, as a result of the Allay deal and the subscription, the loss per share will change from £(0.0080) as of end of year 2018, to £(0.0054) once the additional shares have been admitted.

13 Property, plant and equipment

Group

	Office Equipment	**Furniture and Fixtures**	**Computer Hardware**	**Computer Software**	**Total**
	£	**£**	**£**	**£**	**£**
Cost					
1 January 2017	**38,586**	**386,761**	**101,656**	**21,945**	**548,948**
Additions	56,610	158,040	32,258	65	246,973
1 January 2018	**95,196**	**544,801**	**133,914**	**22,010**	**795,921**
Additions	-	4,587	26,233	-	30,820
31 December 2018	**95,196**	**549,388**	**160,147**	**22,010**	**826,741**
Depreciation					
1 January 2017	**7,488**	**140,640**	**42,537**	**12,347**	**203,012**
Charge for the year	25,736	137,458	27,069	7,261	197,524
1 January 2018	**33,224**	**278,098**	**69,606**	**19,608**	**400,536**
Charge for the year	30,933	163,072	39,697	2,402	236,104
31 December 2018	**64,157**	**441,170**	**109,303**	**22,010**	**636,640**
Carrying amount					
31 December 2018	**31,039**	**108,218**	**50,844**	**-**	**190,101**
31 December 2017	61,972	266,703	64,308	2,402	395,385

14 Intangible assets

Group

	Development product	**Goodwill**	**Other intangibles**	**Total intangible assets**
	£	**£**	**£**	**£**
Cost less impairment				
1 January 2017	1,129,487	1,445,523	760,000	3,335,010
Additions	1,764,205	-	-	1,764,205
1 January 2018	2,893,692	1,445,523	760,000	5,099,215
Additions	946,058	-	-	946,058
31 December 2018	**3,839,750**	**1,445,523**	**760,000**	**6,045,273**
Amortisation				
1 January 2017	**62,749**	**-**	**390,411**	**453,160**
Charge for the year	**709,670**	**-**	**250,000**	**959,670**
1 January 2018	**772,419**	**-**	**640,411**	**1,412,830**
Charge for the year	1,113,744	-	109,589	1,223,333
Impairment	-	1,445,523	-	1,445,523
31 December 2018	**1,886,163**	**1,445,523**	**750,000**	**4,081,686**
Carrying amount				
31 December 2018	**1,953,587**	**-**	**10,000**	**1,963,587**
31 December 2017	2,121,273	1,445,523	119,589	3,686,385

Internal Intangibles

During 2018, the product IMPACT has been further developed with functionality and scalability at the forefront, primarily through an in-house development team. The use of outsource partners and consultants was dramatically reduced during the year. Under the guidance of a new CTO starting in October 2018, Mporium has continued with an agile methodology approach to the development of the new IMPACT product. This approach, which relies heavily on market and customer feedback, enables us to refine the product and react quickly to customer demand.

Goodwill

The goodwill has been allocated to the Fast Web Media Cash Generating Unit.

FWM has attempted to re-align its business to compliment the Group's vision of the digital marketing agency of the future but struggled following the loss of its most significant client. The business has actively managed costs including headcount while trying to rebuild the FWM client-base and have won some notable contracts over the past months.

The Group is undertaking a strategic review of FWM, to determine the appropriate course of action with respect to the business.

An impairment review of the investment in FWM was performed through a discounted cash flow covering the next 5 years with a terminal growth rate to perpetuity. The Cash Flow included a discounted terminal value to reflect the value of ongoing operations of the business. This was calculated using a 2.0% growth rate in line with GDP at the time. Revenue growth has been included at a rate of between 10% to 20% over the 5 year period. A Weighted Average Cost of Capital (WACC) of 18% was used and it was concluded that a £1,445k impairment was required to the goodwill.

Other Intangibles

The license of Cxense software is now fully amortised, it was amortised over the 3-year license period.

Company

	Intellectual Property	Other Intangible Assets	Total Intangible Assets
	£	£	£
Cost			
1 January 2017	250,000	750,000	1,000,000
1 January 2018	250,000	750,000	1,000,000
31 December 2018	**250,000**	**750,000**	**1,000,000**
Amortisation			
1 January 2017	13,889	390,411	404,300
Charge for the year	83,334	250,000	333,334
1 January 2018	97,223	640,411	737,634
Charge for the year	83,334	109,589	192,923
31 December 2018	**180,557**	**750,000**	**930,557**
Carrying amount			
31 December 2018	**69,443**	**-**	**69,443**
31 December 2017	152,777	109,589	262,366

15 Investments

On 8 June 2015, the Company entered into a share swap agreement with Cxense ASA, the Norwegian specialists in data management and personalized online experiences, to license Cxense's technology.

The equity securities and debentures are denominated in NOK and are publicly traded in Norway. During 2018, the Company disposed of their entire holding of Cxense securities and debentures via a number of transactions on the open market. Net of commission, the Company received proceeds of £242.5k from the disposal.

Dates	**Number of Shares**	**NOK Price**	**FX NOK/£**	**Fair Value**
				£
31 December 2017	53,113	59.00	9.03	347,063
Revaluation	53,113			(164,245)
Disposal	(53,113)	-	-	(182,818)
31 December 2018	**-**	**-**	**-**	**-**

16 Investments in subsidiaries

	FWM	InTELEgentsia	Total
	£	£	£
Cost			
1 January 2017	**1,202,492**	**249,999**	**1,452,491**
Impairment	-	(249,999)	(249,999)
31 December 2017	**1,202,492**	**-**	**1,202,492**
Impairment	(1,202,492)	-	(1,202,492)
31 December 2018	**-**	**-**	**-**

An impairment of FWM was provided for in 2018 £1.202 million (2017: £Nil see note 14). An impairment review of the investment in FWM was performed through a discounted cash flow covering the next 5 years with a terminal growth rate to perpetuity. The Cash Flow included a discounted terminal value to reflect the value of ongoing operations of the business. This was calculated using a 2.0% growth rate in line with GDP at the time. Revenue growth has been included at a rate of between 5% to 20% over the 5 year period. A Weighted Average

Cost of Capital (WACC) of 18% was used and it was concluded that a £1,202k impairment was required to the investment.

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows:

Subsidiary	Status	Nature of business	Country of incorporation	Percentage of equity capital and voting rights
Mporium Limited	Active	m-commerce	England & Wales	100%
Fast Web Media Limited	Active	m-commerce	England & Wales	100%
InTELEgentsia	Dormant	m-commerce	England & Wales	100%

17 Trade and other receivables

	Group		Company	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
	£	£	£	£
Trade receivables	81,212	292,671	-	-
Accrued Income	44,151	1,867,681	-	1,778,080
Prepayments	173,014	176,729	82,828	136,551
VAT recoverable	-	-	-	-
R&D Tax credits	643,908	702,380	-	-
Intercompany	-	-	-	-
Other receivables	101,939	103,371	89,640	89,640
	1,044,224	**3,142,832**	**172,468**	**2,004,271**

Within 2017 Accrued Income is £1,778,080 for funds received post year end in relation to the December 2017 Share Issue totalling £3,200,000. Trade receivables have been reviewed for impairment at the statement of financial position date and no impairment (2017: £Nil) has been recognised in these accounts.

Due to an uncertainty of when Mporium Ltd would be able to settle the intercompany loan owed to Mporium Group PLC a cumulative impairment of £19,911,142 (2017: £16,927,394) was made in the Company accounts. Due to an uncertainty of when Fast Web Media Ltd would be able to settle the intercompany loan owed to Mporium Group Plc an impairment of £1,143,206 (2017: £831,061) was made in the company accounts.

Aged analysis of Trade receivables	As at 31 December 2018	As at 31 December 2017
	£	£
Outstanding between one and two months	62,596	202,040
Outstanding between two and three months	15,615	47,939
Outstanding more than three months	3,001	42,692
Less: allowance for receivables	-	-
	81,212	**292,671**

18 Cash and cash equivalents

	Group		Company	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
	£	£	£	£
Bank balances	994,135	2,036,224	904,396	1,586,773
	994,135	**2,036,224**	**904,396**	**1,586,773**

Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business. Finance charges are accounted for on an accruals basis and charged to the statement of comprehensive income when payable.

Cash and cash equivalents are held in Pounds Sterling and placed on deposit in UK banks.

19 Trade and other payables

	Group		Company	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
	£	£	£	£
Due within one year				
Trade payables	284,779	440,229	89,068	64,401
Taxation and social security cost	97,017	79,072	103,259	159,155
Provision for PAYE & NI shortfall	-	231,687	-	231,687
Accruals and Deferred income	150,468	452,889	71,404	411,976
Other payables	20,996	19,061	-	-
Trade and other payable due within one year	**553,260**	**1,222,938**	**269,731**	**867,219**

Aged analysis of trade payable

	As at 31 December 2018	As at 31 December 2017
	£	£
Outstanding between one and two months	146,114	300,137
Outstanding between two and three months	45,096	93,701
Outstanding more than three months	93,569	46,391
	284,779	**440,229**

20 Share capital

Ordinary shares of £0.005 carry the right to 1 vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up. The shares are denominated in Pounds Sterling and translated at the historic rate.

The table below shows the movements in share capital for the year:

	Number issued and fully paid shares		Share capital (£)		Share premium (£)	
	2018	2017	2018	2017	2018	2017
Balance at the beginning of year	587,886,539	514,205,406	2,939,433	2,571,027	23,208,365	17,493,454
Issue of new shares	46,000,000	73,681,133	230,000	368,406	2,070,000	5,912,943
Cost of share issue	-	-	-	-	(99,241)	(198,032)
Balance at the end of year	**633,886,539**	**587,886,539**	**3,169,433**	**2,939,433**	**25,179,124**	**23,208,365**

On 14 November 2018, the Company placed 46,000,000 ordinary shares of 0.05p at 5p per share raising £2.2 million net of expenses.

21 Financial commitments

The Group leases all its properties. The terms of property leases vary between properties, although they all tend to be tenant-repairing with periodic rent reviews and break clauses.

The total future minimum lease payments which exclude services are due as follows:

	Group		Company	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
	£	£	£	£
Not later than one year	251,503	303,418	156,824	161,400
Later than one year and not later than five years	474,693	785,078	-	310,385
	726,196	**1,088,496**	**156,824**	**471,785**

22 Events after the Reporting Period

In January 2019, Mporium announced a Strategic Collaboration Agreement with Allay, a leading Claims Management Company. This transformational deal represents a strategic partnership that provides Mporium and Allay with the potential to drive significant profitability from the growth of the consumer regulation sector.

As part of the deal, Mporium was appointed exclusive supplier of consumer lead generation for Allay and Allay were granted 25% of the enlarged Mporium share capital, rising to a maximum of 29.9% subject to performance.

In April 2019, Mporium entered into a loan agreement for £1 million, repayable over a 12-month period.

In June 2019, the Group conditionally raised £1.9m net by way of subscription through a placing of 192,300,000 shares at 1 per share. Upon completion, the investors will also receive 192,300,000 warrants exercisable between 10 December 2019 and 10 December 2021 with a subscription price of 1.5 pence per warrant. The subscription is conditional upon (amongst other things) shareholder approval at a General Meeting on 2nd July 2019. If approved, the share capital of the Group will increase to 1,037,482,052 shares.

In June 2019, the Group undertook a major restructuring of the business to refocus the business on the performance-led MporiumX division. As part of this restructuring, the Group is undertaking a strategic review of FWM, to determine the appropriate course of action with respect to the business.

23 Related party transactions

The Group's key management personnel are its directors and Executive Committee members. Compensation paid to the Group's Board and members of the Executive Committee is disclosed in note 7.

Included within trade debtors is an amount of £19,911,14 (2017: £16,927,394) due from Mporium Limited, a fully owned subsidiary. During the year the balance with this subsidiary increased by £2,983,748 (2017: £3,719,680). These amounts have been fully provided for.

Included within trade debtors is an amount of £1,143,206 (2017: £831,061) due from Fast Web Limited, a fully owned subsidiary. During the year the balance with this subsidiary increased by £312,145 (2017: £78,465). These amounts have been fully provided for.

There were related party transactions during the period of:

The net amount outstanding between Mporium and Cxense ASA at the end of the year is £8,317 (2017: £31,596), with £51,009 payable and £42,692 receivable. The transactions in 2018 relate to charges for consulting services that were provided to Mporium by Cxense. The receivable was associated with the use by Cxense of Mporium office space. Cxense are no longer considered to be a related party and the receivable amount has been fully provided for at year end.

24 Share-based payments

The first share option scheme was adopted by the then parent company, Mporium Limited, on 17 October 2008. Further schemes were adopted by the Group on 24 April 2013, 27 February 2014, 22 May 2014 and 8 June 2015. The schemes were established to attract and retain the best available personnel for positions of responsibility, to provide additional incentive to employees, officers or consultants of the Company and to promote the success of the Company's business.

As part of the process surrounding the acquisition of Mporium Limited by Mporium Group Plc, the holders of all outstanding options under the Mporium Limited Share Scheme surrendered their entitlements in exchange for the grant, by Mporium Group plc, of Replacement Options that were on equivalent terms. All share options are valued on the same basis as before.

The share option schemes are administered by the directors of Mporium Group Plc.

Share options are issued as part of a long-term incentive scheme ("LTIS") or in lieu of salary or bonus due. LTIS options typically vest 3 years from the date of issue, however, some options issued under the 2015 Share Option Scheme vest in equal amounts on the 1st, 2nd and 3rd anniversaries of the issue date. Vesting is contingent upon the option-holder being an employee of the company at the vesting date. All options have a maximum term of 10 years. A summary of options, movements and average prices are shown in the table below.

	2018			2017		
	No. of shares	**Weighted average exercise price**	**Weighted average share price**	**No. Of shares**	**Weighted average exercise price**	**Weighted average share price**
Outstanding at the year end	95,445,276	£0.044	-	67,111,676	£0.033	-
Granted during the period	30,400,000	£0.070	-	4,500,000	£0.074	-
Surrendered during the period	1,800,000	£0.072	-	18,262,017	£0.081	-
Exercised during the period	0	£0.000	£0.000	14,800	£0.005	£0.105
Lapsed during the period	266,400	£0.005	-	72,871	£0.566	-
Exercisable at the year end	61,761,944	£0.030	-	59,445,010	£0.028	-

The Group recognised total expenses of £226,608 related to equity-settled, share-based payment transactions during 2018 (2017: £151,312).

Details of the number of options outstanding at the beginning of the year, movements in the year and outstanding at the end of the year together with their exercise dates and prices are shown in the table below.

Date of grant	**Number of options 01/01/2018**	**Issued in year**	**Surrendered / exercised during the year**	**Number of options 31/12/2018**	**Exercisable from**	**Exercisable to**	**Exercise price per option**
22/10/2008	170,000	-	(70,000)	100,000	22/10/2011	24/11/2026	£0.0050
05/05/2011	119,980	-		119,980	30/06/2011	05/05/2021	£0.0050
05/05/2011	39,130	-		39,130	22/10/2011	05/05/2021	£0.0050
05/05/2011	51,780	-		51,780	31/12/2013	05/05/2021	£0.0050
05/05/2011	20,758	-		20,758	31/12/2013	05/05/2021	£0.5250
05/05/2011	239,980	-		239,980	01/09/2016	31/08/2019	£0.0050
01/08/2011	120,000	-		120,000	01/08/2011	01/08/2021	£0.0050
01/08/2011	60,000	-		60,000	30/06/2014	01/08/2021	£0.0050
01/08/2011	79,340	-		79,340	01/09/2016	31/08/2019	£0.0050
18/10/2013	26,060	-		26,060	18/10/2013	18/10/2023	£0.0050
18/10/2013	182,840	-		182,840	31/12/2014	18/10/2023	£0.5250
18/10/2013	21,360	-		21,360	31/12/2015	18/10/2023	£0.5250
19/06/2014	11,271	-		11,271	30/06/2015	19/06/2024	£0.7000
19/06/2014	60,000	-		60,000	01/09/2016	19/06/2024	£0.5250
19/06/2014	100,000	-		100,000	01/09/2016	19/06/2024	£0.0050
19/06/2014	19,229	-		19,229	31/12/2016	19/06/2024	£0.7000
31/10/2014	98,200	-	(98,200)	0	01/11/2015	31/10/2018	£0.0050
31/10/2014	98,200	-	(98,200)	0	01/11/2016	31/10/2018	£0.0050
08/06/2015	42,571,960	-		42,571,960	08/06/2015	08/06/2025	£0.0200
08/06/2015	4,257,196	-		4,257,196	08/06/2016	08/06/2025	£0.0375
08/06/2015	4,257,196	-		4,257,196	08/06/2017	08/06/2025	£0.0375
08/06/2015	4,257,196	-		4,257,196	08/06/2018	08/06/2025	£0.0375
30/09/2015	1,000,000	-		1,000,000	03/05/2016	08/06/2025	£0.0500
07/10/2016	1,583,334	-		1,583,334	07/10/2017	07/10/2027	£0.0738

07/10/2016	1,583,334	-		1,583,334	07/10/2018	07/10/2027	£0.0738
07/10/2016	1,583,332	-		1,583,332	07/10/2019	07/10/2027	£0.0738
21/12/2017	1,500,000	-	(500,000)	1,000,000	21/12/2018	21/12/2027	£0.0738
21/12/2017	1,500,000	-	(500,000)	1,000,000	21/12/2019	21/12/2027	£0.0738
21/12/2017	1,500,000	-	(500,000)	1,000,000	21/12/2020	21/12/2027	£0.0738
23/02/2018		4,333,330	(100,000)	4,233,330	23/02/2019	23/02/2028	£0.0800
23/02/2018		4,333,332	(100,000)	4,233,332	23/02/2020	23/02/2028	£0.0800
23/02/2018		4,333,338	(100,000)	4,233,338	23/02/2021	23/02/2028	£0.0800
21/05/2018		2,066,664		2,066,664	21/05/2019	21/05/2028	£0.0675
21/05/2018		2,066,664		2,066,664	21/05/2020	21/05/2028	£0.0675
21/05/2018		2,066,672		2,066,672	21/05/2021	21/05/2028	£0.0675
30/05/2018		1,666,666		1,666,666	23/02/2019	30/05/2028	£0.0700
30/05/2018		1,666,667		1,666,667	23/02/2020	30/05/2028	£0.0700
30/05/2018		1,666,667		1,666,667	23/02/2021	30/05/2028	£0.0700
22/10/2018		1,500,000		1,500,000	22/10/2019	22/10/2028	£0.0498
22/10/2018		1,500,000		1,500,000	22/10/2020	22/10/2028	£0.0498
22/10/2018		1,500,000		1,500,000	22/10/2021	22/10/2028	£0.0498
22/10/2018		333,333		333,333	22/10/2019	22/10/2028	£0.0498
22/10/2018		333,333		333,333	22/10/2020	22/10/2028	£0.0498
22/10/2018		333,334		333,334	22/10/2021	22/10/2028	£0.0498
22/10/2018		133,333		133,333	22/10/2019	22/10/2028	£0.0498
22/10/2018		133,333		133,333	22/10/2020	22/10/2028	£0.0498
22/10/2018		133,334		133,334	22/10/2021	22/10/2028	£0.0498
22/10/2018		100,000		100,000	22/10/2019	22/10/2028	£0.0498
22/10/2018		100,000		100,000	22/10/2020	22/10/2028	£0.0498
22/10/2018		100,000		100,000	22/10/2021	22/10/2028	£0.0498
	67,111,676	30,400,000	(2,066,400)	95,445,276			

The options outstanding at the end of the year have a weighted average remaining contractual life of 7.5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The weighted average fair value of an option granted during the year was £0.014. The fair value of the options was calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

Date of issue	**Weighted average share price**	**Weighted average exercise price**	**Expected volatility**	**Expected life**	**Risk free rate**	**Expected dividend yield**
18/10/2013	0.9870	0.5250	19.00%	10 years	2.82%	-
18/10/2013	0.9870	0.5250	19.00%	10 years	2.82%	-
19/06/2014	0.2200	0.7000	15.09%	10 years	2.82%	-
19/06/2014	0.2200	0.5250	15.09%	10 years	2.82%	-
19/06/2014	0.2200	0.0050	15.09%	10 years	2.82%	-
19/06/2014	0.2200	0.7000	15.09%	10 years	2.82%	-
31/10/2014	0.0625	0.0050	111.50%	10 years	0.47%	-
31/10/2014	0.0625	0.0050	111.50%	10 years	0.78%	-
08/06/2015	0.0375	0.0200	134.00%	10 years	0.46%	-
08/06/2015	0.0375	0.0375	134.00%	10 years	0.46%	-
08/06/2015	0.0375	0.0375	134.00%	10 years	0.60%	-
08/06/2015	0.0375	0.0375	134.00%	10 years	0.90%	-
30/09/2015	0.0450	0.0500	139.70%	10 years	0.39%	-
26/04/2016	0.0838	0.0838	94.9%	10 years	0.37%	-
26/04/2016	0.0838	0.0838	122.1%	10 years	0.68%	-

26/04/2016	0.0838	0.0838	113.5%	10 years	0.95%	-
26/09/2016	0.0713	0.0713	45.9%	10 years	0.00%	-
26/09/2016	0.0713	0.0713	32.0%	10 years	0.00%	-
26/09/2016	0.0713	0.0713	51.4%	10 years	0.37%	-
26/09/2016	0.0713	0.0713	52.4%	10 years	0.39%	-
26/09/2016	0.0713	0.0713	77.7%	10 years	0.55%	-
26/09/2016	0.0713	0.0713	77.8%	10 years	0.68%	-
26/09/2016	0.0713	0.0713	106.1%	10 years	0.70%	-
26/09/2016	0.0713	0.0713	108.6%	10 years	0.84%	-
26/09/2016	0.0713	0.0713	105.5%	10 years	0.95%	-
07/10/2016	0.0738	0.0738	42.0%	10 years	0.37%	-
07/10/2016	0.0738	0.0738	76.6%	10 years	0.95%	-
07/10/2016	0.0738	0.0738	104.7%	10 years	0.95%	-
21/12/2017	0.0700	0.0738	28.2%	10 years	0.36%	-
21/12/2017	0.0700	0.0738	33.1%	10 years	0.46%	-
21/12/2017	0.0700	0.0738	61.5%	10 years	0.56%	-
23/02/2018	0.0800	0.0800	32.4%	10 years	0.58%	-
23/02/2018	0.0800	0.0800	34.6%	10 years	0.73%	-
23/02/2018	0.0800	0.0800	61.1%	10 years	0.86%	-
21/05/2018	0.0675	0.0675	32.3%	10 years	0.63%	-
21/05/2018	0.0675	0.0675	35.3%	10 years	0.76%	-
21/05/2018	0.0675	0.0675	45.9%	10 years	0.88%	-
30/05/2018	0.0700	0.0700	32.5%	10 years	0.46%	-
30/05/2018	0.0700	0.0700	35.4%	10 years	0.56%	-
30/05/2018	0.0700	0.0700	45.9%	10 years	0.67%	-
22/10/2018	0.0498	0.0498	40.5%	10 years	0.70%	-
22/10/2018	0.0498	0.0498	35.8%	10 years	0.77%	-
22/10/2018	0.0498	0.0498	37.6%	10 years	0.86%	-
22/10/2018	0.0498	0.0498	40.5%	10 years	0.70%	-
22/10/2018	0.0498	0.0498	35.8%	10 years	0.77%	-
22/10/2018	0.0498	0.0498	37.6%	10 years	0.86%	-
22/10/2018	0.0498	0.0498	40.5%	10 years	0.70%	-
22/10/2018	0.0498	0.0498	35.8%	10 years	0.77%	-
22/10/2018	0.0498	0.0498	37.6%	10 years	0.86%	-
22/10/2018	0.0498	0.0498	40.5%	10 years	0.70%	-
22/10/2018	0.0498	0.0498	35.8%	10 years	0.77%	-
22/10/2018	0.0498	0.0498	37.6%	10 years	0.86%	-

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in Mporium Group plc, you should pass this document, the accompanying form of proxy and the Annual Report and Accounts of Mporium Group plc for the financial year ended 31 December 2018 without delay to the stockbroker, bank or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

MPORIUM GROUP PLC

(Incorporated in England and Wales, registered number 08696120)

NOTICE OF ANNUAL GENERAL MEETING

Notice of the 2019 Annual General Meeting of Mporium Group plc (the "Company") to be held at the offices of the Company at First Floor, 106 New Bond Street, London, England W1S 1DN at 10.00 a.m. (UK time) on 24 July 2019 is set out on pages 4 to 5 (inclusive) of this document. Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions on the enclosed form. The proxy form must be completed and signed and returned to the Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so that it is received no later than 10.00 a.m. (UK time) on 22 July 2019.

MPORIUM GROUP PLC

(Incorporated in England and Wales, registered number 08696120)

Directors:
Nelius De Groot (Chief Executive Officer)
Aidan Casey QC (*Non-executive Director*)
Nicholas Bertolotti (*Non-executive Director*)

Registered office:
First Floor
106 New Bond Street
London
England W1S 1DN

28 June 2019

To holders of ordinary shares of 0.5 pence each ("Ordinary Shares") in the capital of Mporium Group plc (the "Company").

Dear Shareholder

I am pleased to invite you to the Company's Annual General Meeting which will be held at the offices of the Company at First Floor, 106 New Bond Street, London, England W1S 1DN at 10.00 a.m. (UK time) on 24 July 2019. Also enclosed with this letter is the Annual Report and Accounts of the Company for the year ended 31 December 2018.

The business to be conducted at the Annual General Meeting is set out in the Notice of Annual General Meeting at pages 4 to 5 of this document. You will be asked to consider and vote on the resolutions set out in the Notice. An explanation of these resolutions is given in the Explanatory Notes to the Notice (the Explanatory Notes are set out at page 6 of this document).

The Board very much hopes you will be able to attend the Annual General Meeting and we look forward to having the opportunity of speaking with you. We do however appreciate that it is not always possible for shareholders to attend in person. Even though you may not be able to attend, your vote is still important, and I would urge you to complete, sign and return the proxy form sent to you with this Notice. Please refer to the Shareholder Notes on pages 7 to 8 of this document for more details.

Board

Aidan Casey is retiring by rotation at the Annual General Meeting in accordance with the Company's articles of association and is not seeking re-election. We would like to thank Aidan for his contribution to the business.

The Board will be seeking to appoint one or more new director(s) in the near term and the Company will make the appropriate announcement(s) at the relevant time.

Action to be taken

It is important to the Company that shareholders have the opportunity to vote even if they are unable to attend the Annual General Meeting. You will find enclosed with this document a proxy form for use at the Annual General Meeting. Whether or not you propose to attend the Annual General Meeting in person, you are requested to complete the proxy form and return it to the Company's registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 10 a.m. (UK time) on 22 July 2019. Please refer to the Shareholder Notes on pages 7 to 8 of this document for more details.

If you hold your shares in CREST, you may appoint a proxy or proxies by completing and transmitting a CREST Proxy Instruction as per the procedures described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so that they are received by Link Asset Services (ID RA10) by 10 a.m. on 22 July 2019.

The completion and return of the proxy form or the transmission of a CREST Proxy Instruction will not affect your right to attend and vote in person at the Annual General Meeting if you wish.

Recommendation

The Directors consider that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of all of the proposed resolutions, as they intend to do in respect of their own beneficial shareholdings.

Yours faithfully

Nelius De Groot

Chief Executive Officer

MPORIUM GROUP PLC

(Incorporated in England and Wales, registered number 08696120)

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Mporium Group plc (the "Company") will be held at the offices of the Company at First Floor, 106 New Bond Street, London, England W1S 1DN at 10.00 a.m. (UK time) on 24 July 2019 for the following purposes:

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive and adopt the Company's Accounts for the financial year ended 31 December 2018, together with the Directors' report and the Auditor's report on those Accounts.

2. To reappoint Grant Thornton UK LLP as Auditor of the Company.

3. To authorise the Directors to fix the Auditor's remuneration.

4. That:

   (A) the Directors be generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, up to a maximum nominal amount of £1,729,136.75;

   (B) the authorities given in this Resolution:

      (1) are given pursuant to section 551 of the Companies Act 2006 (the "Act") and shall be in addition to any authorities granted pursuant to the resolutions set out in the notice of general meeting of the Company dated 14 June 2019 but in substitution for all other pre-existing authorities under that section; and

      (2) unless renewed, revoked or varied in accordance with the Act, shall expire on the date falling 15 months after the passing of this Resolution, or, if earlier, at the end of the next annual general meeting of the Company to be held in 2020, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry.

To consider and, if thought fit, pass the following as special resolution:

5. That:

   (A) subject to the passing of Resolution 4 set out in the notice of annual general meeting dated 28 June 2019 (the "**Allotment Authority**"), the Directors be given power pursuant to section 570 of the Companies Act 2006 (the "**Act**") to allot equity securities (within the meaning of section 560(1) of the Act) for cash, pursuant to the Allotment Authority, and to sell treasury shares wholly for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that such power shall be limited to the allotment of equity securities or the sale of treasury shares:

      (1) in connection with a Pre-Emptive Offer (as defined below); or

      (2) otherwise than in connection with a Pre-Emptive Offer, up to a maximum nominal amount of £518,741.025;

   (B) for the purpose of this Resolution, "Pre-Emptive Offer" means an offer of equity securities to:

      (1) holders of ordinary shares (other than the Company) on a fixed record date in proportion to their respective holdings of such shares; and

      (2) other persons entitled to participate in such offer by virtue of, and in accordance with, the rights attaching to any other equity securities held by them;

in each case, subject to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractional entitlements, legal, regulatory or practical problems under the laws or the requirements of any regulatory body or stock exchange of any territory or otherwise; and

(C) the power given in this Resolution:

(1) shall be in addition to any powers granted pursuant to the resolutions set out in the notice of general meeting of the Company dated 14 June 2019 but in substitution for all other pre-existing powers under section 570 of the Act; and

(2) unless renewed in accordance with the Act, shall expire at the same time as the Allotment Authority, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry.

28 June 2019

Registered Office:
First Floor
106 New Bond Street
London
England W1S 1DN

By Order of The Board
Joeline Marie Smith
Company Secretary

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

General

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 to 4 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 5 is proposed as a special resolution. This means that for such resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Annual Report and Accounts

The Directors must lay the Company's Accounts, the Directors' report and the Auditor's report before the shareholders in a general meeting. This is a legal requirement after the Directors have approved the Accounts and the Directors' report, and the Auditor has prepared its report.

Resolutions 2 and 3 – Reappointment and remuneration of Auditor

The Company is required to appoint an Auditor for each financial year of the Company. Resolution 2 proposes the re-appointment of Grant Thornton UK LLP as the Company's Auditor for the current financial year of the Company ending 31 December 2019. Resolution 3 seeks authority for the Directors to decide the Auditor's remuneration.

Resolution 4 – Renewal of authority to allot shares

The purpose of this Resolution is to renew the Directors' power to allot shares. Section 551 of the Companies Act 2006 provides that the Directors may not allot new shares (other than for employee share schemes) without shareholder approval. The Resolution proposes that authority be granted, in addition to any authorities granted pursuant to the resolutions set out in the notice of general meeting of the Company dated 14 June 2019 but in substitution of all other existing authorities, to allot securities up to a maximum nominal amount of £1,729,136.75, representing approximately 40.9% of the Company's total issued Ordinary Share capital as at 27 June 2019, being the latest practicable date prior to publication of this Notice (and representing approximately 33.3% of the Company's expected total issued ordinary share capital immediately prior to the Annual General Meeting (the "**Enlarged Share Capital**") assuming that (i) all of the Subscription Shares referred to in the Circular dated 14 June 2019 from the Company to its Shareholders are allotted and issued pursuant to the Fundraising (as defined therein) and (ii) no other Ordinary Shares are allotted and issued by the Company between the date of this document and the Annual General Meeting).

The authority will expire at the end of the 2020 annual general meeting or, if earlier, on the date falling 15 months after the passing of Resolution 4, unless previously cancelled or varied by the Company in general meeting. It is the intention of the Directors to renew this authority annually at each annual general meeting.

As at 27 June 2019, the Company did not hold any shares in treasury.

Resolution 5 – Disapplication of pre-emption rights

Section 561(1) of the Companies Act 2006 provides that if the Directors wish to allot any equity securities, or sell any treasury shares (if it holds any), for cash, it must first offer them to existing shareholders in proportion to their existing shareholdings. Section 561 does not apply in connection with an employee share scheme. The purpose of this Resolution is to allow the Directors to allot equity securities or sell any treasury shares for cash as if section 561(1) of the Companies Act 2006 does not apply: (i) in connection with rights issues, open offers and other pre-emption offers pursuant to the authority granted by Resolution 4 and (ii) otherwise up to a total nominal amount of £518,741.025, representing approximately 12.3% of the Company's total issued Ordinary Share capital as at 27 June 2019, being the latest practicable date prior to publication of this Notice (and representing approximately 10% of the Enlarged Share Capital).

The authority will expire at the end of the 2020 annual general meeting or, if earlier, on the date falling 15 months after the passing of Resolution 5, unless previously cancelled or varied by the Company in general meeting. It is the intention of the Directors to renew this authority annually at each annual general meeting.

SHAREHOLDER NOTES

Appointment of proxy

Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be shareholders) to attend the Annual General Meeting and speak and vote instead of the shareholder. If more than one proxy is appointed each proxy must be appointed to exercise rights attached to different shares. Appointment of a proxy will not preclude a shareholder from attending and voting in person at the Annual General Meeting.

In order for a proxy form to be valid, it must be completed and signed and returned to the Company's registrars Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so they receive it no later than 10:00 a.m. (UK time) on 22 July 2019 (or, if the meeting is adjourned, the time that is 48 hours (excluding non-working days) before the time fixed for the adjourned meeting).

A shareholder wishing to appoint multiple proxies should contact the Shareholder Helpline referred to below to obtain additional proxy forms. Alternatively, Shareholders can photocopy the enclosed proxy form. It will be necessary for the shareholder to indicate on each separate proxy form the number of shares in relation to which each proxy is authorised to act.

Appointment of proxy using CREST

CREST members may appoint a proxy through CREST by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message ("a CREST proxy instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so that they are received by Link Asset Services (ID RA10) by 10 a.m. (UK time) on 22 July 2019 (or, if the meeting is adjourned, the time that is 48 hours (excluding non-working days) before the time fixed for the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or procure the taking of) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

Record date

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at close of business on 22 July 2019 (or, in the event of any adjournment, on the date which is 48 hours (excluding any part of a day that is a non-working day) before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Website

A copy of this Notice can be found at www.mporium.com.

Other matters

A shareholder may not use any electronic address provided either in this Notice or any related documents (including the letter from the Chief Executive Officer and proxy form), to communicate with the Company for any purposes other than those expressly stated.

Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company during normal business hours Monday to Friday (public holidays excepted) up to and including the day of the Annual General Meeting, and at the venue for the Annual General Meeting from half an hour before the time fixed for the Annual General Meeting until the end of the Annual General Meeting:

- the current Articles of Association of the Company;
- copies of the executive Directors' service contracts and non-executive Directors' letters of appointment.

Form of Proxy

MPORIUM GROUP PLC is committed to reducing paper and improving efficiency in its shareholder communications. From 2020 we will no longer be sending paper proxy cards to shareholders unless specifically asked to do so. We will provide advice on how to request a paper proxy at the appropriate time.

Shareholder helpline

Shareholders who have general queries about the Annual General Meeting or need additional proxy forms should call our Shareholder Helpline on 0871 664 0300 (no other methods of communication will be accepted). Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. No other methods of communication will be accepted. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Statement of capital and voting rights

As at 27 June 2019 (being the latest practicable date prior to publication of this Notice) the Company's issued share capital consisted of 845,182,052 Ordinary Shares which each carry one vote. Therefore, total voting rights in the Company as at 27 June 2019 are 845,182,052.