mporium Group plc

Financial Statements
for the year ended
31 December 2016

Registration number: 8696120 (England and Wales)

Contents

Company information for the year ended 31 December 2016

Directors:	N Walder – Non-Executive Chairman A Casey – Non-Executive Director S Bjornstad – Non-Executive Director B Moat – Chief Executive Officer R J Gordon – Finance Director and Company Secretary
Registered office:	106 New Bond Street London W1D 1DS
Registered number:	08696120
Statutory Auditors:	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Nominated Advisor and Broker	Nplus1 Singer Capital Markets Limited One Bartholomew Lane London EC2N 2AX
Registrars	Capita Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU
Banker	Metro Bank One Southampton Row London WC1B 5HA

Strategic and Financial Report for the year ended 31 December 2016 mporium Group PLC ("mporium" or the "Company")

Overview

mporium Group plc (AIM:MPM), a "mobile first" technology firm that is admitted to trading on the London Stock Exchange's AIM market, today announces results for the year to 31 December 2016.

mporium operates in the growth sector of Digital Advertising and seeks to monetise the effect that smartphones have had on consumer digital behaviour. During 2016, the Company was transformed in terms of both business strategy and through organisational changes. The Company's strategy and technology development was validated by the deployment of the **IMPACT** product with several market leading media agencies during the final quarter of 2016.

Further validation was provided by the improved performance that **IMPACT** delivered to these agencies, and their clients. The momentum generated by the business, product and organisational progress, has provided a strong basis for growth in 2017. The Company continues to add significant capabilities to the IMPACT product, further enhancing its digital advertising performance and uniqueness.

To support the team in the development of a new product suite, marketing of the new products and for general working capital purposes, the company successfully conducted a fundraise through a placing during the year of £3.1m in July 2016, and recently closed a further raise of £3.0m in March 2017.

Strategy

The majority of Digital Advertising technology was built for an era when PCs dominated Internet traffic and consumer conversions. Since 2015, mobile traffic has overtaken that of PCs and the rate of mobile conversions has increased dramatically. This seismic shift has been underpinned by the unprecedented rate of smartphone adoption. The number of smartphones exceeded the number of PCs in 2014 and by 2020, it is estimated that 80% of the global adult population (circa 4 billion people) will have a smartphone.

The behavioural characteristics of consumers using smartphones is very different from those using PCs: this poses very significant challenges for both brands and their digital agencies. Smartphones are a reactive device that enables consumers to respond in real-time to stimuli from their environment. The dramatic shift of consumers to smartphones, significantly reduced the effectiveness of platforms that were constructed for a PC dominated environment, compromising the performance of many digital advertising campaigns.

To succeed in the smartphone era, businesses need to embrace technologies that are mobile first: technology that operates in real-time and at scale. The Company recognised that building a world class solution for digital advertising, required a specific combination of skills from different industries and disciplines. Key resources were hired from Financial Services, with expertise in high-frequency algorithmic trading, while additional critical hires were made from the Advertising and Retail sectors. These resources spanned numerous disciplines: Senior Management, Technology, Data Science, Business Development and Marketing. Using these hires, mporium built technology that enables brands and the agencies that work for them, to deliver digital advertising performance in the smartphone dominated era.

mporium's **IMPACT** product is specifically targeted at monetising the events that Google calls "Micro-Moments": these moments occur when stimuli encourage higher levels of consumer engagement. These stimuli happen on an individual basis with great frequency, but the stimuli that coordinate large scale consumer behaviour are very valuable but also difficult to monetise. The use of events in real-time to deliver the relevant message and creative across search, social and direct to website is unique to **IMPACT**. The platform has broadened its scope to incorporate numerous sources of events to identify stimuli that drive consumer digital engagement – including TV, Sport, Weather, News, Social Media and Cultural Events.

mporium's **INSIGHTS** product is also built for the smartphone era but is focussed on the SME market and provides high-end analytics. The product is designed to provide these clients with access to sophisticated analytic functionality that is normally reserved for larger retailers with more resources. This product is intended for installation and use by SME's as it requires no in-depth technology knowledge or experience.

The Company believes that both **IMPACT** and **INSIGHTS** are highly innovative products which deploy leading technologies to their target markets. For this reason, the Company has deployed a robust patent application process relating to mporium's proprietary technology. Internal processes for innovation harvesting, capture and protection

Strategic and Financial Report – *continued*

have been established as part of this ongoing IP strategy, thereby building a comprehensive and robust intellectual property portfolio.

The ability to deliver these products has been achieved through the complete revision of the business strategy coupled with a strategic partnership with Cxense ASA (a Norwegian-based and Oslo Stock Exchange quoted Tech company), allowing mporium to provide highly innovative products within a very short timeframe.

Results Overview

The full year results include charges associated with the continued development and evolution of the technology and build-out of the data science, product management, sales and marketing teams. These activities are the principal driver behind the financial performance of the Company during the year under review.

The operational cost base was managed throughout the year, with staff levels increasing in the second half to meet the demand of the new brand trials and launches. Significant development costs were incurred during the year with constant reviews and re-engineering of technologies to meet the demand and requirements of the market. This resulted in an impairment of prior year intangible assets.

The Company's chosen route to market for **IMPACT** is via advertising agencies: through relationships with these agencies, **IMPACT** was launched with several major brands in the second half of 2016. Resulting in a commercial agreement in Q4 with Jellyfish: the world's biggest boutique digital agency and Google 365 partner.

The **INSIGHTS** product is available for download on the Shopify App Store and there is no associated direct sales or marketing.

The Group's Fast Web Media (**FWM**) business has turned its performance around and returned to profitability, posting 12 consecutive months' profit.

mporium's overall revenues increased to £1.8m in the year, up 43.9% on 2015. The Management continue to monitor its resources carefully, and in-line with the factors described above, the Group recorded a comprehensive loss of £3.9m (2015: £5.0m).

Outlook

The Board believes that 2016 was a transformational year for the Company.

mporium now have strong relationships with several large network agencies, and key independent agencies. Further evidence of the adoption of **IMPACT** was provided by the commercial agreement signed in March 2017 by Essence: a market-leading global digital agency that is majority owned by WPP. Discussions with other leading agencies regarding commercial arrangements are well advanced and the overall pipeline for mporium **IMPACT** is promising.

The decision to distribute **IMPACT** through media agencies has provided a leveraged salesforce platform that requires lower costs and the potential to provide an accelerated route to global markets. One of the agency relationships has resulted in **IMPACT** being used for advertising campaigns in Continental Europe and discussions are ongoing regarding engagements in North America. The market for **IMPACT** is vast, with Digital Ad spend equating to $198bn in 2016. This figure is estimated by eMarketer to grow to $332bn by 2020, with the majority of this growth being driven by mobile advertising. By 2020, mporium's target markets of Western Europe and North America are forecast to be circa $142bn in mobile advertising spend.

IMPACT has been engineered to operate as an overlay to the two principal digital advertising platforms: Google (Search) and Facebook (Social): working alongside existing technologies. These two digital platforms represent over 57% of the US digital advertising market and continue to demonstrate rapid growth. By directly connecting to the APIs (Application Program Interface) of these firms, **IMPACT** provides digital agencies with the opportunity to execute complex actions on their campaigns in real-time, across both search and social platforms. This reinforces the partnership model between mporium and media agencies, as well as reducing the barriers to adoption.

Through the business development efforts of the past 18 months, the board and management have established that **IMPACT** has a unique market position, that it addresses a real market need and it delivers demonstrable and measurable performance uplift.

KPI

The Key Performance Indicators for the Group will be developed throughout the year and will include such metrics as:

- number of leads that are generated;
- number of agencies that are acquired;
- the number of brands serviced;
- the average advertising revenue under management

These are indicators of the evolution of (i) the sales and marketing strategy for the mporium platform, namely to grow the customer base; (ii) the ability of the platform to deliver advertising performance at scale; and therefore (iii) the ability to generate of recurring and repeating income. These metrics will be monitored consistently within the business but are not considered to be of prime relevance this year given the current stage of the evolution of the mporium Platform.

On behalf of the Board

Barry Moat
Chief Executive

24 April 2017

Directors' Report for the year ended 31 December 2016

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

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 15.

Directors of mporium Group plc

The Directors shown below have held office during the year:

- N Walder
- A Casey – appointed 24/04/2016
- S Bjornstaad
- B Moat
- R J Gordon

N Walder and A Casey are independent non-executive directors and A Casey has been appointed the senior independent non-executive director.

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 operation of banking facilities only with market leading banks. 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/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, interest rate 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 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 platform 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 platform.

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 activities, performance, strategy and outlook of mporium Group plc are set out in the Strategic Report on pages 5 to 7. The financial risk management objectives and policies are described in this Directors' Report.

The Directors have prepared a cash flow forecast up to 30 April 2018 which indicates that continued product development, increased sales and marketing activity and general working capital requirements may require a further funding round if required within the next 12 months. The success of the previous funding rounds, the most recent in March 2017, and current discussions with major shareholders supports the Directors' reasonable expectation that a further funding round, if required, will succeed and mporium will have adequate resources to continue in operational existence throughout this period. Thus, they have adopted the going concern basis of accounting in preparing the annual financial statements.

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 or the ordinary resolution to re-appoint Grant Thornton UK LLP is not passed at the Company's annual general meeting.

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.

Directors' Report – *continued*

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 8.

Technology

The Company's performance is dependent on its technology keeping pace with developments in m-commerce, eCommerce and cloud technology. mporium manages this risk through a commitment to research and development combined with ongoing dialogue with trading partners and sector specialists to ensure that market developments are understood.

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. Staff numbers increased during the year to take the product to market and meet workloads and demands from clients. Directors monitored closely the ramp-up of staff.

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 ability of the new mporium products to generate revenues is not yet well known. Consequently, the size of future revenues is hard to predict. As more 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

Richard Gordon
Finance Director

24 April 2017

Independent Auditor's Report
to the members of mporium Group plc

We have audited the financial statements of mporium Group plc for the year ended 31 December 2016 which comprise the consolidated statement of total comprehensive income, the consolidated and company statements of financial position, the consolidated company statements of changes in equity, the consolidated and parent company statements of cash flows the and the related notes. 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.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out page 9 to 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2016 and of the group's loss for the year then ended;
- 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The group incurred a net loss of £4,178,506 during the year ended 31 December 2016. This condition, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Independent Auditor's Report *– continued*

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

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

24 April 2017

Consolidated Financial Statements – mporium Group plc

Consolidated Statement of Total Comprehensive Income

for the year ended 31 December 2016

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Continuing operations			
Revenue	5	1,824,108	1,267,189
Cost of sales		(318,731)	(854,833)
Gross profit		**1,505,377**	**412,356**
Administrative expenses	6	(6,310,785)	(5,523,886)
Operating loss		**(4,805,408)**	**(5,111,530)**
Financial income	8	4,612	297
Financial expense	9	(4,558)	(15,949)
Loss from continuing operations before taxation		**(4,805,354)**	**(5,127,182)**
Taxation	10	626,848	508,299
Loss from continuing operations after taxation		**(4,178,506)**	**(4,618,883)**
Loss from discontinued operations		–	(262,090)
Loss on disposal of subsidiary		–	(24,957)
Total loss		**(4,178,506)**	**(4,905,930)**
Other Comprehensive Income			
Revaluation of Investment which will subsequently be re-classified to profit & loss	14	283,601	(80,543)
Total comprehensive losses attributable to equity holders of the parent company		**(3,894,905)**	**(4,986,473)**
Basic and diluted loss per share for losses attributable to the owners of the parent during the period	11	(0.01)	(0.02)

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 2016 is £4,953,500 (2015: £5,976,559).

The notes on pages 20 to 40 form part of these financial statements

Consolidated Financial Statements – *continued*

Consolidated Statement of Financial Position

as at 31 December 2016

	Notes	31 December 2016 £	31 December 2015 £
Non-current assets			
Property, plant and equipment	12	345,936	334,397
Other intangible assets	13	2,881,850	2,689,493
Investments	14	724,005	419,457
Total Non-current assets		**3,951,791**	**3,443,347**
Current assets			
Trade and other receivables	16	1,696,752	1,958,680
Cash and cash equivalents	17	1,282,429	2,735,318
Total Current Assets		**2,979,181**	**4,693,998**
Total assets		**6,930,972**	**8,137,345**
Current liabilities			
Trade and other payables	18	(1,233,654)	(1,964,569)
Total Current liabilities		**(1,233,654)**	**(1,964,569)**
Net assets		**5,697,318**	**6,172,776**
Equity			
Share capital	19	2,571,027	2,350,663
Share premium		17,493,454	14,614,568
Share option reserve		1,854,505	1,889,558
Merger Reserve		7,641,598	7,641,598
Retained earnings – deficit		(23,863,266)	(20,323,611)
Equity shareholders' funds		**5,697,318**	**6,172,776**

The financial statements were approved and authorised for issue by the Board of directors on 24 April 2017 and were signed on its behalf by

Barry Moat
Director

Company Registration Number: 8696120

The notes on pages 20 to 40 form part of these financial statements

Company Statement of Financial Position

as at 31 December 2016

	Notes	31 December 2016 £	31 December 2015 £
Non-current assets			
Intangible assets	13	595,700	609,589
Investment in subsidiaries	15	1,202,492	1,452,491
Investments	14	724,005	419,457
Total Non-current assets		**2,522,197**	**2,481,537**
Current assets			
Trade and other receivables	16	1,126,010	618,664
Cash and cash equivalents	17	949,292	2,676,398
Total Current Assets		**2,075,302**	**3,295,062**
Total assets		**4,597,499**	**5,776,599**
Current liabilities			
Trade and other payables	18	(688,611)	(524,282)
Total Current liabilities		**(688,611)**	**(524,282)**
Net assets		**3,908,888**	**5,252,317**
Equity			
Share capital	19	2,571,027	2,350,663
Share premium		17,493,454	14,614,568
Share option reserve		1,183,509	1,054,769
Other reserve		(57,468)	(57,468)
Retained earnings		(17,281,634)	(12,710,215)
		3,908,888	**5,252,317**

The financial statements were approved and authorised for issue by the Board of directors on 24 April 2017 and were signed on its behalf by

Barry Moat
Director

Company Registration Number: 8696120

The notes on pages 20 to 40 form part of these financial statements

Consolidated Financial Statements – *continued*

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

	Retained earnings £	Share capital £	Share premium reserve £	Share option reserve £	Merger reserve £	Total £
31 December 2014	**(15,968,691)**	**445,264**	**6,978,853**	**1,518,590**	**7,641,598**	**615,614**
Total loss for the year	(4,905,930)	–	–	–	–	(4,905,930)
Other comprehensive loss – revaluation of investment	(80,543)	–	–	–	–	(80,543)
Share-based payments	–	–	–	1,002,521	–	1,002,521
Transfer related to lapsed share options	631,553	–	–	(631,553)	–	–
Share issue cost	–	–	(293,070)	–	–	(293,070)
Share issues during the year	–	1,905,399	7,928,785	–	–	9,834,184
31 December 2015	**(20,323,611)**	**2,350,663**	**14,614,568**	**1,889,558**	**7,641,598**	**6,172,776**
Total loss for the year	(4,178,506)	–	–	–	–	(4,178,506)
Share-based payments	–	–	–	320,197	–	320,197
Transfer related to lapsed share options	355,250	–	–	(355,250)	–	–
Share issue cost	–	–	(86,824)	–	–	(86,824)
Share issues during the period	–	220,364	2,965,710	–	–	3,186,074
Other comprehensive income – revaluation of investment	283,601	–	–	–	–	283,601
31 December 2016	**(23,863,266)**	**2,571,027**	**17,493,454**	**1,854,505**	**7,641,598**	**5,697,318**

The notes on pages 20 to 40 form part of these financial statements

Company Statement of Changes in Equity

for the period ended 31 December 2016

	Retained earnings £	Share capital £	Share premium reserve £	Share option reserve £	Other reserve £	Total £
31 December 2014	**(6,649,087)**	**445,264**	**6,978,853**	**88,199**	**(57,468)**	**805,761**
Comprehensive loss for the year	(5,976,559)	–	–	–	–	(5,976,559)
Other comprehensive loss – revaluation of investment	(80,543)	–	–		–	(80,543)
Transfer related to lapsed share options	(4,026)	–	–	4,026	–	–
Share-based payments	–	–	–	962,544	–	962,544
Share issue cost	–	–	(293,070)	–	–	(293,070)
Share issues during the year	–	1,905,399	7,928,785	–	–	9,834,184
31 December 2015	**(12,710,215)**	**2,350,663**	**14,614,568**	**1,054,769**	**(57,468)**	**5,252,317**
Comprehensive loss for the year	(4,953,500)	–	–	–	–	(4,953,500)
Other comprehensive income – revaluation of investment	283,601	–	–	–	–	283,601
Transfer related to lapsed share options	98,480	–	–	(98,480)	–	–
Share-based payments	–	–	–	227,220	–	227,220
Share issue cost	–	–	(86,824)	–	–	(86,824)
Share issues during the year	–	220,364	2,965,710	–	–	3,186,074
31 December 2016	**(17,281,634)**	**2,571,027**	**17,493,454**	**1,183,509**	**(57,468)**	**3,908,888**

The notes on pages 20 to 40 form part of these financial statements

Consolidated Financial Statements – *continued*

Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Operating activities		
Loss from continuing operations before taxation	(4,805,354)	(5,127,182)
Adjustments for:		
Depreciation of property, plant and equipment	144,403	32,684
Amortisation of intangible assets	312,749	157,328
Impairment of intangible assets	575,250	77,259
Loss on sale of fixed assets	–	4,351
Loss on sale of intangible assets	–	17,500
Share-based payment expense	320,197	1,002,521
Bad debts	–	64,160
Financial income	(4,612)	(297)
Financial expense	4,558	15,949
Loss before tax on discontinued activities	–	(262,090)
Cash outflow from operating activities before changes in working capital	**(3,452,809)**	**(4,017,817)**
Increase in trade and other receivables	(11,751)	(46,961)
Decrease in trade and other payables	(730,916)	(95,508)
Change in working capital	**(742,667)**	**(142,469)**
Income taxes recovered	900,528	78,562
Net cash used in operating activities	**(3,294,948)**	**(4,081,724)**
Investing activities		
Interest received	4,612	297
Invested in intangible assets	(1,080,356)	(624,381)
Purchase of property, plant and equipment	(155,942)	(328,850)
Sale Proceeds	–	2,190
Overdraft acquired with subsidiary	–	(5,619)
Cash disposed of with subsidiary	–	(14,879)
Investment	(20,947)	–
Net cash used in investing activities	**(1,252,633)**	**(971,242)**
Financing activities		
Interest paid	(4,558)	(15,949)
Issue of share capital	3,186,074	6,311,323
Cost of Issue of share capital	(86,824)	(78,527)
Increase in Loans	–	250,000
Net cash from financing activities	**3,094,692**	**6,466,847**
Net decrease/(increase) in cash and cash equivalents	**(1,452,889)**	**1,413,881**
Cash and cash equivalents at start of year	**2,735,318**	**1,321,437**
Cash and cash equivalents at end of year	**1,282,429**	**2,735,318**

The notes on pages 20 to 40 form part of these financial statements

Company Statement of Cash Flows

for the period ended 31 December 2016

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Operating activities		
Loss before taxation	(4,953,500)	(5,976,559)
Adjustments for:		
Amortisation of intangible assets	263,889	140,411
Impairment of investment in subsidiary	249,999	355,827
Share based-payment expense	227,220	962,544
Write off of intercompany receivable	3,177,799	3,401,715
Financial income	(4,419)	–
Financial expense	1,847	3,117
Dividend	(250,000)	–
Cash flows from operating activities before changes in working capital	**(1,287,165)**	**(1,112,945)**
Increase in trade and other receivables	(3,685,144)	(3,997,507)
Increase in trade and other payables	164,329	208,136
Change in working capital	**(3,520,816)**	**(3,789,371)**
Net cash used in operating activities	**(4,807,980)**	**(4,902,316)**
Investing activities		
Interest received	4,419	–
Investment	(20,947)	
Net Cash used in investing activities	**(16,528)**	**–**
Financing activities		
Interest paid	(1,847)	(3,116)
Issue of share capital	3,186,074	6,311,323
Cost of Issue capital	(86,824)	(78,527)
Increase in Loans	–	250,000
Net cash from financing activities	**3,097,403**	**6,479,680**
Net (decrease)/increase in cash and cash equivalents	**(1,727,106)**	**1,577,364**
Cash and cash equivalents at start of period	**2,676,398**	**1,099,034**
Cash and cash equivalents at end of period	**949,292**	**2,676,398**

The notes on pages 20 to 40 form part of these financial statements

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 firm that monetises the transformation that smartphones have had on consumer behaviour.

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 Directors have prepared a cash flow forecast up to 30 April 2018 which indicates that continued product development, increased sales and marketing activity and general working capital requirements may require a further funding round within the next 12 months. The success of the previous funding rounds, the most recent in March 2017, and current discussions with major shareholders supports the Directors' reasonable expectation that a further funding, if required, round will succeed and mporium will have adequate resources to continue in operational existence throughout this period.

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 recent raise of £3.0m 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 if 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

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 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (IASB effective 1 January 2016 – deferred until final standard released)
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15 (IASB effective 1 January 2018)
- IFRS 16 Leases (IASB effective 1 January 2019 – not yet adopted by the EU)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (IASB effective date 1 January 2018 – not yet endorsed)
- 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)

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

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

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.

Revenue from software licences for the use of the technology platform is recognised 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.

Notes to the Consolidated and Company Financial Statements – *continued*

2 Accounting policies – *continued*

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 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 platform	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.

Available for sale financial assets (AFS)

AFS financial investments, being an equity instrument, are initially recognised at fair value with subsequent adjustments to fair value recognised in other comprehensive income.

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.

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.

Notes to the Consolidated and Company Financial Statements – *continued*

2 Accounting policies – *continued*

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.

Contingent rentals arising under operating leases are recognised in the period in which they are incurred.

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 – represents 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).

Other reserve – reserve created on the application of merger relief accounting.

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 16)*

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.

Impairment of Intangible assets and goodwill *(note 13)*

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 platform 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.

Notes to the Consolidated and Company Financial Statements – *continued*

3 Critical accounting judgements and key estimation of uncertainty – *continued*

An impairment review of the investment in FWM was performed by management through a discounted cash flow. A Weighted Average Cost of Capital (WACC) of 18% was used and it was concluded no impairment was required to the business.

Share-based payments *(note 22)*

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 10)*

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. Further details regarding these policies are set out below.

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.

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; and
- AFS financial assets

Financial Assets

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 As at 31 December 2016 £	Group As at 31 December 2015 £	Company As at 31 December 2016 £	Company As at 31 December 2015 £
Cash and cash equivalents	1,282,429	2,735,318	949,292	2,676,398
Trade and other receivables	1,696,752	1,958,680	1,126,010	618,663
Available for sale financial assets	724,005	419,457	724,005	419,457
	3,703,186	**5,113,455**	**2,799,307**	**3,714,518**

Trade receivables principally comprise amounts outstanding for services provided to customers. Average credit terms were 30 days and average debtor days outstanding were 85 days during 2016 (2015: 65 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 As at 31 December 2016 £	Group As at 31 December 2015 £	Company As at 31 December 2016 £	Company As at 31 December 2015 £
Current Liabilities				
Trade and other payables	1,233,654	1,964,569	688,611	524,282
	1,233,654	**1,964,569**	**688,611**	**524,282**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group targets the payment of outstanding trade payables between 30 to 90 days from 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.

Notes to the Consolidated and Company Financial Statements – *continued*

4 Financial instruments and treasury risk management – *continued*

The maximum exposure due to credit risk for the Group on trade and other receivables during 2016 was £518,861 (2015: £504,996). No collateral is held in respect of these amounts.

	As at 31 December 2016 £	As at 31 December 2015 £
Outstanding between one and two months	243,312	90,817
Outstanding between two and three months	121,791	175,377
Outstanding more than three months	64,703	48,872
Less: allowance for receivables	–	(16,228)
	429,806	**298,838**

As at the year-end trade receivables of £30,135 were past due but not impaired (2015: £52,983).

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 IAS 39, "Financial instruments: recognition and measurement", 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 that of entirely financed by equities. 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. Management therefore considers there to be one reporting segment covering the Group.

A supplementary analysis of revenue is as follows:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
License, Transaction & Other Recurring Revenue	1,223,599	787,284
Upsold Project Fees to Existing Clients	600,509	479,905
	1,824,108	**1,267,189**

The geographical split of revenue is as follows:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
United Kingdom	995,498	1,140,377
Europe	828,610	126,812
	1,824,108	**1,267,189**

The largest single customer contributed 40% (2015:20%) of total revenues. Revenues from four individual customers exceeded 82% of total Group revenues for the year.

6 Operating Loss

The operating loss is stated after charging the following amounts:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Depreciation of property, plant and equipment – owned	144,403	32,684
Amortisation of intangible assets	312,749	157,328
Impairment of intangible assets	575,250	77,259
Office rent and services charges	414,445	469,620
Bad debt provision	(135,267)	64,160
Staff cost	2,900,525	2,949,951
Administration costs	2,098,680	1,443,194
Write-off of intangible asset	–	17,500
Research and development costs	–	312,190
	6,310,785	**5,523,886**

Notes to the Consolidated and Company Financial Statements – *continued*

6 Operating Loss – *continued*

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

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Group Audit	47,750	41,500
Total Audit fees	**47,750**	**41,500**
Interim review	–	15,500
Tax compliance work	12,150	–
R&D tax credit advice	20,025	11,000
Tax advice on EIS clearance	2,500	4,950
Group restructuring	2,500	–
Due Diligence on acquisition	–	39,300
	84,925	**112,250**

7 Staff costs and numbers

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

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Wages and salaries	2,325,878	1,677,944
Social security costs	206,847	223,531
Pension contributions	47,603	45,955
Share-based payments	320,197	1,002,521
Net Staff Cost	**2,900,525**	**2,949,951**

	Year ended 31 December 2016	Year ended 31 December 2015
Directors	5	6
Administration	4	2
Research and development	9	5
Operations	23	19
Customer services	–	12
Sales	6	5
	47	**49**

Directors' emoluments

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

	Salary/ Fees £ 2016	Benefits £ 2016	Employers NI £ 2016	Total short-term benefits £ 2016	Post-employment benefits-defined pension contribution £ 2016	Share based payments £ 2016	Total emoluments £ 2016
Executive Directors							
B Moat[1]	250,000	76,800	–	326,800	–	–	326,800
R Gordon[2]	100,000	2,000	12,681	114,681	–	9,783	124,464
Non-executive Directors							
N Walder[3]	30,000	–	3,474	33,474	–	–	33,474
S Bjornstad[4]	15,000	–	–	15,000	–	–	15,000
Aiden Casey[5]	11,250	–	393	11,643	–	–	11,643
Total emoluments	**406,250**	**78,800**	**16,548**	**501,598**	**–**	**9,783**	**511,381**

	Salary/ Fees £ 2015	Benefits £ 2015	Employers NI £ 2015	Total short-term benefits £ 2015	Post-employment benefits-defined pension contribution £ 2015	Termination benefits £ 2015	Share based payments £ 2015	Total emoluments £ 2015
Executive Directors								
B Moat	145,833	–	–	145,833	–	–	745,030	890,863
D Keen	10,000	–	540	10,540	–	20,000	–	30,540
R Gordon	113,333	–	13,831	127,164	–	–	7,258	134,422
Non-executive Directors								
N Walder	7,500	–	–	7,500	–	–	–	7,500
S Bjornstad	8,481	–	–	8,481	–	–	–	8,481
M Hughes	–	–	–	–	–	–	–	–
R Mann	–	–	690	690	–	–	–	690
E Griffin	–	–	–	–	–	–	–	–
Total emoluments	**285,147**	**–**	**15,061**	**300,208**	**–**	**20,000**	**752,288**	**1,072,496**

Notes

(1) Mr B Moat was appointed Chief Executive Officer 9 June 2015 and is paid on a consultancy basis
(2) Mr R Gordon was appointed Finance Director and Company Secretary 20 November 2014
(3) Mr N Walder was appointed Chairman 29 September 2015
(4) Mr S Bjornstad was appointed non-executive director 9 June 2015
(5) Mr A Casey was appointed non-executive director 21 April 2016

As set out in note 18, the board have reviewed certain legacy arrangements for remunerating certain Directors and determined that further PAYE and NI payments are expected to be made totalling approximately £200,000. The board are currently in discussions with the directors regarding reimbursement.

No share options were exercised by Directors during the year ended 31 December 2016: nil (2015: nil).

Notes to the Consolidated and Company Financial Statements – *continued*

8 Financial income

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Interest receivable	4,612	297
	4,612	**297**

9 Financial expense

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Interest payable	4,558	15,949
	4,558	**15,949**

10 Taxation

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Research & development tax credits	(626,848)	(508,299)
Total tax credit in income statement	**(626,848)**	**(508,299)**

Reconciliation of the tax credit

The tax credit for the year is lower (2015: lower) than the tax credit on ordinary activities at the standard rate of corporation tax in the UK (2016: 20% and 2015: 20%) for the reasons set out in the following reconciliation.

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Loss on ordinary activities before taxation	(4,805,354)	(5,127,182)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20%)	(961,071)	(1,025,436)
Expenses not allowed for tax purposes	231,184	261,401
Fixed asset timing differences	(363,095)	(189,471)
Losses surrendered for R&D credit	954,728	684,113
R & D enhancement	(539,629)	(385,047)
Losses unrelieved in period – deferred tax not provided	677,883	654,440
Amounts relating to current year R&D credit	655,388	507,003
Amounts relating to prior years R&D credit	(28,540)	1,296
Tax credit	**626,848**	**508,299**

As at 31 December 2016 mporium Group plc has trading tax losses available to be carried forward totalling £26,386,568 (2015: £19,576,719). 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.

11 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 2016 £	Year ended 31 December 2015 £
Loss for the year	(4,178,506)	(4,905,930)
Weighted average ordinary shares in issue during the year	489,348,567	283,731,742
Loss per share	(0.01)	(0.02)

12 Property, plant and equipment

	Group				
	Office equipment £	Furniture and fixtures £	Computer hardware £	Computer software £	Total £
Cost					
1 January 2015	**14,944**	**25,681**	**–**	**–**	**40,625**
Additions	14,864	290,365	23,621	–	328,850
Acquired through business combinations	–	11,544	30,667	21,945	64,156
Disposals	(14,944)	(25,681)	–	–	(40,625)
1 January 2016	**14,864**	**301,909**	**54,288**	**21,945**	**393,006**
Additions	23,722	84,852	47,368	–	155,942
31 December 2016	**38,586**	**386,761**	**101,656**	**21,945**	**548,948**
Depreciation					
1 January 2015	**5,639**	**23,563**	**–**	**–**	**29,202**
Acquired through business combinations	–	5,010	25,015	782	30,807
Charge for the period	4,973	19,720	3,735	4,256	32,684
Disposals	(9,756)	(24,328)	–	–	(34,084)
1 January 2016	**856**	**23,965**	**28,750**	**5,038**	**58,609**
Charge for the period	6,632	116,675	13,787	7,309	144,403
31 December 2016	**7,488**	**140,640**	**42,537**	**12,347**	**203,012**
Carrying amount					
31 December 2016	**31,098**	**246,121**	**59,119**	**9,598**	**345,936**
31 December 2015	14,009	277,944	25,538	16,907	334,397

Notes to the Consolidated and Company Financial Statements – *continued*

13 Intangible assets

	Group			
	Development platform £	**Goodwill £**	**Other intangibles £**	**Total intangible assets £**
Cost less impairment				
1 January 2015	**28,000**	**–**	**–**	**28,000**
Additions	624,381	1,522,782	750,000	2,897,163
Acquired through business combinations	–	–	27,500	27,500
Impairment	–	(77,259)	–	(77,259)
Disposals	(28,000)	–	(17,500)	(45,500)
1 January 2016	**624,381**	**1,445,523**	**760,000**	**2,829,904**
Additions	1,080,356	–	–	1,080,356
Impairment	(575,250)	–	–	(575,250)
31 December 2016	**1,129,487**	**1,445,523**	**760,000**	**3,335,010**
Amortisation				
1 January 2015	**11,083**	**–**	**–**	**11,083**
Charge for the year	16,917	–	140,411	157,328
Disposals	(28,000)	–	–	(28,000)
1 January 2016	**–**	**–**	**140,411**	**140,411**
Charge for the year	62,749	–	250,000	312,749
31 December 2016	**62,749**	**–**	**390,411**	**453,160**
Carrying amount				
31 December 2016	**1,066,738**	**1,445,523**	**369,589**	**2,881,850**
31 December 2015	624,381	1,445,523	619,589	2,689,493

Internal Intangibles

It was decided in April of 2016 the platform should be re-developed due to certain limitations of the initial development and it was decided to impair the platform asset by writing down some areas of the development. The underlying architecture which for the IMPACT platform failed to scale in a cost-effective manner using cheap commodity hardware and software, which is a basic requirement of most advertising solutions. Building continued throughout 2016 with the new version being more scale-able, using cheap commodity hardware and software, and flexible, to pull in more inputs and output to more platforms.

An impairment review of the goodwill in FWM was performed through a discounted cash flow covering the next 5 years. FWM has re-aligned and turned its business performance around to compliment the Group's vision of the digital marketing agency of the future, following a relatively stagnant period for the business. They re-launched with mporium Group technology at the core of the FWM offering. The Cash Flow included a discounted terminal value to reflect the value of ongoing operations of the business. This was calculated using a 0.5% growth rate in line with GDP at the time. A Weighted Average Cost of Capital (WACC) of 18% was used and concluded no impairment was required to the goodwill.

External Intangibles

The license of Cxense software continued to be amortised over the 3-year license period.

	Company		
	Intellectual Property £	**Other intangible assets £**	**Total intangible Assets £**
Cost			
1 January 2015	–	–	–
Additions	–	750,000	750,000
1 January 2016	–	750,000	750,000
Additions	250,000	–	250,000
31 December 2016	**250,000**	**750,000**	**1,000,000**
Amortisation			
1 January 2015	–	–	–
Charge for the year	–	140,411	140,411
1 January 2016	**–**	**140,411**	**140,411**
Charge for the year	13,889	250,000	263,889
31 December 2016	**13,889**	**390,411**	**404,300**
Carrying amount			
31 December 2016	**236,111**	**359,589**	**595,700**
31 December 2015	–-	609,589	609,589

During 2016 it was decided to transfer the IP in InTELEgentsia acquired as part of the FWM acquisition in 2015 to mporium Plc. The IP transferred up to PLC for a consideration of £250k and the balance settled through an intercompany dividend.

14 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 are denominated in NOK and are publicly traded in Norway. Fair values of this investment have been estimated by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy. On the 27 July 2016, the business acquired 1,936 additional shares as part of a fundraise. A profit of £283,601 to reflect the movement in market value was recognised in other comprehensive income.

Dates	**Number of Shares**	**NOK Price**	**FX NOK/£**	**Fair Value**
31 December 2015	51,177	106.96	13.05	419,457
Additions	1,936	120.10	11.10	20,947
	53,113			440,404
31 December 2016	**53,113**	**145.00**	**10.64**	**724,005**
Revaluation				**283,601**

Since the year end the quoted bid price of the equity securities of Cxense ASA has fallen from the 145 NOK used in the year end fair value calculation to 109 NOK. This has resulted in a £188,583 reduction in the fair value of the investment.

Notes to the Consolidated and Company Financial Statements – *continued*

15 Investments in subsidiaries

	FWM £	InTELEgentsia £	Total £
Cost and impairment			
1 January 2015	1,558,319	249,999	1,808,318
Impairment	(355,827)	–	(355,827)
31 December 2015	**1,202,492**	**249,999**	**1,452,491**
Impairment	–	(249,999)	(249,999)
31 December 2016	**1,202,492**	**–**	**1,202,492**

No impairment of FWM was provided for in 2016 (2015: £355,827). The investment in InTELEgentsia was impaired as a result of that company's Intellectual Property, its only asset, being transferred to mporium Group plc and recognised as an intangible asset, see note 13.

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information and are all exempt from audit, 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	Active	m-commerce	England & Wales	100%

16 Trade and other receivables

	Group As at 31 December 2016 £	Group As at 31 December 2015 £	Company As at 31 December 2016 £	Company As at 31 December 2015 £
Trade receivables	429,806	298,838	–	–
Accrued Income	126,919	2,181	–	–
Prepayments	336,202	530,667	283,775	487,697
VAT recoverable	–	83,745	–	83,745
R&D Tax credits	679,497	953,177	–	–
Intercompany	–	–	752,595	–
Other receivables	124,328	90,072	89,640	47,222
	1,696,752	**1,958,680**	**1,126,010**	**618,664**

Trade receivables have been reviewed for impairment at the statement of financial position date and no impairment (2015: £16,228) 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 £13,207,714 (2015: £10,029,914) was made in the Company accounts.

Aged analysis of Trade receivables

	As at 31 December 2016 £	As at 31 December 2015 £
Outstanding between one and two months	243,312	90,817
Outstanding between two and three months	121,791	175,377
Outstanding more than three months	64,703	48,872
Less: allowance for receivables	–	(16,228)
	429,806	**298,838**

17 Cash and cash equivalents

	Group As at 31 December 2016 £	Group As at 31 December 2015 £	Company As at 31 December 2016 £	Company As at 31 December 2015 £
Bank balances	1,282,429	2,735,318	949,292	2,676,398
	1,282,429	**2,735,318**	**949,292**	**2,676,398**

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.

18 Trade and other payables

	Group As at 31 December 2016 £	Group As at 31 December 2015 £	Company As at 31 December 2016 £	Company As at 31 December 2015 £
Due within one year				
Trade payables	369,428	792,867	71,264	257,343
Taxation and social security cost	38,583	238,579	138,029	72,036
Provision for PAYE & NI shortfall	250,000	–	250,000	–
Accruals and Deferred income	548,701	857,267	229,318	143,456
Other payables	26,942	75,856	–	51,447
Trade and other payable due within one year	**1,233,654**	**1,964,569**	**688,611**	**524,282**

The board have reviewed certain legacy arrangements for remunerating certain Directors and employees and determined that further PAYE and NI payments are expected to be made totalling approximately £250,000. The board are currently in discussions with the directors regarding reimbursement.

Aged analysis of trade payable

	As at 31 December 2016 £	As at 31 December 2015 £
Outstanding between one and two months	164,994	418,708
Outstanding between two and three months	121,087	40,583
Outstanding more than three months	83,347	333,576
	369,428	**792,867**

Notes to the Consolidated and Company Financial Statements – *continued*

19 Share capital

Ordinary shares of £0.005 carry the right to one 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 (£)	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Balance at the beginning of year	470,132,520	89,052,803	2,350,663	445,264	14,614,568	6,978,853
Issue of new shares	44,072,886	381,079,717	220,364	1,905,399	2,965,710	7,928,785
Cost of share issue	–	–	–	–	(86,824)	(293,070)
Balance at the end of year	**514,205,406**	**470,132,520**	**2,571,027**	**2,350,663**	**17,493,454**	**14,614,568**

20 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 As at 31 December 2016 £	Group As at 31 December 2015 £	Company As at 31 December 2016 £	Company As at 31 December 2015 £
Not later than one year	123,429	196,912	101,829	142,014
Later than one year and not later than five years	–	168,785	–	78,588
	123,429	**365,697**	**101,829**	**220,602**

21 Related party transactions

The Group's related parties 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.

There were related party transactions during the period of £31,596 (2015: £Nil) between mporium and Cxense ASA.

22 Share-based payments

The first share option scheme was adopted by the parent company, mporium Limited, on 17 October 2008. Further schemes were adopted 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 and settlement is in cash.

At 31 December 2016 options over 60,311,178 shares were exercisable at a weighted average exercise price of £0.031. The weighted average exercise price of share options issued during the year was £0.075 (2014: £0.032) per share. During the year options over 2,693,878 shares with a weighted average exercise price of £0.031 were exercised, options over 4,257,196 shares with a weighted average exercise price of £0.038 lapsed and options over 9,016,892 shares with a weighted average exercise price of £0.088 were surrendered.

The Group recognised total expenses of £320,197 related to equity-settled, share-based payment transactions during 2016 (2015: £1,002,521).

The options outstanding at the end of the year have a weighted average remaining contractual life of 9.1 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.

These fair values were 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
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%	–

Notes to the Consolidated and Company Financial Statements – *continued*

22 Share-based payments – *continued*

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	Per 2015 Financial Statements	Issued in year	Surrendered/ exercised during the year	31 Dec 2016 Number of options	Exercisable from	Exercisable to	Exercise price per option
22/10/2008	658,000	–	(488,000)	170,000	22/10/2011	31/08/2018	£0.0050
15/04/2009	10,000	–	–	10,000	15/04/2012	15/04/2019	£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	111,780	–	(60,000)	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	31/08/2018	£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	31/08/2018	£0.0050
18/10/2013	90,000	–	–	90,000	31/12/2013	18/10/2023	£0.5250
18/10/2013	48,140	–	(17,280)	30,860	18/10/2013	18/10/2023	£0.0050
18/10/2013	233,080	–	–	233,080	31/12/2014	18/10/2023	£0.5250
18/10/2013	129,716	–	–	129,716	31/12/2015	18/10/2023	£0.5250
19/06/2014	46,745	–	(1,250)	45,495	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	43,763	–	(1,250)	42,513	31/12/2016	19/06/2024	£0.7000
31/10/2014	98,200	–	–	98,200	01/11/2015	31/10/2018	£0.0050
31/10/2014	98,200	–	–	98,200	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	500,000	–	(500,000)	–	08/06/2015	08/06/2025	£0.0375
08/06/2015	6,385,794	–	(2,128,598)	4,257,196	08/06/2015	08/06/2025	£0.0375
08/06/2015	6,385,794	–	(2,128,598)	4,257,196	08/06/2015	08/06/2025	£0.0375
08/06/2015	6,385,794	–	(2,128,598)	4,257,196	08/06/2015	08/06/2025	£0.0375
30/09/2015	1,000,000	–	–	1,000,000	03/05/2016	08/06/2025	£0.0500
26/10/2015	2,128,598	–	(2,128,598)	–	26/10/2016	26/10/2025	£0.0938
26/10/2015	2,128,598	–	(2,128,598)	–	26/10/2017	26/10/2025	£0.0938
26/10/2015	2,128,598	–	(2,128,598)	–	26/10/2018	26/10/2025	£0.0938
26/04/2016	–	2,128,597	(709,532)	1,419,065	26/04/2017	26/04/2026	£0.0838
26/04/2016	–	2,128,597	(709,532)	1,419,065	26/04/2018	26/04/2026	£0.0838
26/04/2016	–	2,128,600	(709,534)	1,419,066	26/04/2019	26/04/2026	£0.0838
26/09/2016	–	2,128,598	–	2,128,598	26/10/2016	26/10/2026	£0.0713
26/09/2016	–	709,532	–	709,532	22/04/2017	22/04/2027	£0.0713
26/09/2016	–	1,419,065	–	1,419,065	22/09/2017	22/09/2027	£0.0713
26/09/2016	–	2,128,598	–	2,128,598	26/10/2017	26/10/2027	£0.0713
26/09/2016	–	709,532	–	709,532	22/04/2018	22/04/2028	£0.0713
26/09/2016	–	1,419,065	–	1,419,065	22/09/2018	22/09/2028	£0.0713
26/09/2016	–	2,128,598	–	2,128,598	26/10/2018	26/10/2028	£0.0713
26/09/2016	–	709,534	–	709,534	22/04/2019	22/04/2029	£0.0713
26/09/2016	–	1,419,066	–	1,419,066	22/09/2019	22/09/2029	£0.0713
07/10/2016	–	1,916,667	–	1,916,667	07/10/2017	07/10/2027	£0.0738
07/10/2016	–	1,916,667	–	1,916,667	07/10/2018	07/10/2028	£0.0738
07/10/2016	–	1,916,666	–	1,916,666	07/10/2019	07/10/2029	£0.0738
	72,021,948	24,907,382	(15,967,966)	80,961,364			

Notice of Annual General Meeting

mporium Group plc (Registered in England and Wales No. 08696120)

Notice is hereby given that the 2017 Annual General Meeting ("**Meeting**") of Mporium Group plc ("**Company**") will be held at the offices of N+1 Singer at One Bartholomew Lane, London EC2N 2AX on 18 May 2017 at 9.30 a.m.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 5 will be proposed as ordinary resolutions. Resolution 6 will be proposed as a special resolution.

ORDINARY RESOLUTIONS

To consider and (if thought fit) to pass the following resolutions as ordinary resolutions:

1) That Aidan Casey, having consented to act, be appointed as a director of the Company (and as a Non-Executive Officer of the Company) following his retirement from office as a director pursuant to article 57 of the Company's articles of association.

2) That Richard Gordon, having consented to act, be appointed as a director of the Company following his retirement from office as a director pursuant to article 58 of the Company's articles of association.

3) That the Company's annual accounts for the financial year ended 31 December 2016, together with the directors' report and the auditor's report on those accounts, be and hereby are received and adopted.

4) That Grant Thornton UK LLP be and hereby are reappointed as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the Company, and the Company's directors are hereby authorised to agree the remuneration of the auditors.

5) THAT the directors of the Company be and hereby are generally and unconditionally authorised under section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares in the Company and to grant rights to subscribe for, or to convert any security into, ordinary shares in the Company ("Rights") subject to the following conditions:

   a) that the maximum aggregate nominal amount of shares to be allotted in pursuance of such authority shall be £890,897 representing approximately 33.3 per cent of the nominal value of the current issued ordinary share capital of the Company; and

   b) that this authority shall expire on the earlier of the date which is 15 months from the passing of this resolution and the conclusion of the Company's next Annual General Meeting (unless previously renewed, varied or revoked by the Company) save that the Company may, before such expiry, make an offer or agreement which would or might require ordinary shares to be allotted or Rights to be granted after the authority has expired and the directors may allot ordinary shares or grant Rights in pursuance of any such offer or agreement notwithstanding that this authority has expired.

   This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares and grant rights to subscribe for or convert any securities into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTION

To consider and (if thought fit) to pass the following resolutions as a special resolution:

6) THAT subject to the passing of resolution 5, the directors of the Company be and hereby are given the general power to grant Rights and to allot equity securities (as defined in section 560 of the Act) under the authority conferred by resolution 5 as if section 561 of the Act did not apply to such allotment subject to the following conditions:

   a) that this power shall be limited to the grant of Rights and allotment of equity securities up to an aggregate nominal amount of £267,269 representing approximately 10 per cent of the nominal value of the current issued ordinary share capital of the Company; and

   b) that the power granted by this resolution shall expire on the earlier of the date which is 15 months from the passing of this resolution and the conclusion of the Company's next Annual General Meeting save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of that offer or agreement notwithstanding that the power has expired.

Notice of Annual General Meeting– *continued*

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares and grant rights to subscribe for or convert any securities into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

The meeting shall also consider, as required by section 656 of the Companies Act 2006, whether any, and if so what, steps should be taken to deal with the situation arising by virtue of the fact that the net assets of the Company are half or less than its called-up share capital.

By Order of the Board

Richard Gordon
Director

24 April 2017

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

Notes to the Annual General Meeting

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact Capita Asset Services on +44 (0) 871 664 0300. 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.
2. To be valid any form of proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 9.30 a.m. on 16 May 2017.
3. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in Note 6 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. 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 close of business on 16 May 2017 (or, in the event of any adjournment, 48 hours before the adjourned meeting (excluding any part of a day that is not a Business Day)). Changes to the Register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. 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 instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 9.30 a.m. on 16 May 2017. 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. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. 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 messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5}(a) of the Uncertificated Securities Regulations 2001.

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