

8 August 2017

mporium Group plc
(“mporium” or the “Group”)
Half Year Results

mporium Group plc (AIM:MPM), the technology company that delivers high performance advertising campaigns, today announces its results for the six months ended 30 June 2017.

Financial Highlights

- Revenue increased 21% to £1.1 million (H1 2016: £0.9 million), driven by an increase in Technology & Other Recurring Revenue
- Operating loss reduced 18% to £2.4 million (H1 2016: £2.9 million) despite a substantial increase in headcount, predominantly associated with Technology & Data Science and Sales & Account Management
- £3.0 million raised in March 2017 to support continued investment in the IMPACT technology product

Operational Highlights

- Revised product strategy driving improved product performance
- Commercial agreement (IMPACT) with Essence, a market-leading global digital agency majority owned by WPP
- Commercial agreement and industry award (IMPACT) with the7stars, the UK's largest independent media agency
- Expansion of IMPACT into several Continental European markets ahead of schedule
- Advanced discussions with additional leading agencies are ongoing

Board Changes

- Barry Moat appointed Executive Chairman with Nigel Walder's departure
- Nelius De Groot, the Group's COO, appointed CEO
- Richard Gordon, FD, to leave at the end of September

Nelius De Groot, CEO of mporium, commented:

“We have made strong progress in the first half: signing new commercial agreements and taking significant steps towards further contracts, while improving our IMPACT product and adding key resource that will support future growth. I am delighted that we have managed to increase our revenues while simultaneously reducing our costs and thereby narrowing our loss.”

“We look to the future with confidence; the global market for IMPACT is vast and we have proved that the technology delivers significant performance improvements. We are confident that the progress and momentum generated to date, will continue throughout 2017.”

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Mark Taylor**Bell Pottinger** 020 3772 2573Elly Williamson
Dan de Belder**About mporium**

mporium is a technology company that delivers high performance advertising campaigns, maximising the advertiser's return on investment.

mporium's proprietary technology, IMPACT, enables advertisers and the media agencies that serve them to achieve better outcomes from digital advertising campaigns. The patent pending technology allows advertisers to target consumers when real world events stimulate consumer interest, delivering high performing digital advertising campaigns from brand advertising to direct response.

Mobile advertising has proved challenging to both advertisers and media agencies. In a world where the majority of traffic comes from smartphones, a solution is urgently needed to address the challenge of capturing consumer intent in the moment. mporium is uniquely positioned to address this issue by leveraging a range of data inputs – including TV, news, sports and social media – to deliver sophisticated real-time bidding, timing and creative switching for digital advertising campaigns.

The technology has already been adopted by several market leading media agencies: Jellyfish, Essence and the7stars. Although the Company is based in the UK, the technology has been used to drive campaigns across the UK and Continental European markets, and management intend to expand across the global digital markets.

Based in the UK, mporium Group plc is quoted on AIM, the growth market of the London Stock Exchange plc.

www.mporium.com

Registration number: 8696120 (England and Wales)

mporium Group PLC
Financial Statements for the 6 months ended
30th June 2017

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Company information for the 6 months ended 30 June 2017

Directors: N Walder – Non-Executive Chairman
B Moat – Chief Executive Officer
R J Gordon – Finance Director and Company Secretary
S Bjornstad – Non-Executive Director
A Casey – Non-Executive Director

Registered office: 106 New Bond Street
London
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Registered number: 08696120

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Directors' report for the 6 months ended 30 June 2017

mporium Group PLC (AIM: MPM) ("mporium" or the "Company"), the technology company that delivers high performance advertising campaigns, today announces its results for the six months ended 30 June 2017.

Results Overview

Overall revenue during the period under review was £1,052,750 (2016: £870,473) and the loss from ordinary activities before taxation was £2,418,414 (2016: loss of £2,939,919). The loss per share was £0.01 (2016: loss of £0.01). The Group had cash reserves at the end of the half year of £1,641,643.

Business Review

The Company's revised product strategy has been responsible for driving improved performance in the period under review. Rollout of the Group's flagship IMPACT product accelerated significantly during H1 2017, building on the initial deployments in Q4 2016. The Group's Fast Web Media (FWM) business performed well, benefitting from a more targeted focus with improving revenues, clients and margins.

IMPACT has been engineered to operate as a performance overlay to the two principal digital advertising platforms: Google (Search) and Facebook (Social), delivering performance improvement for digital advertising campaigns. During the period under review, IMPACT has been significantly enhanced, delivering additional performance capabilities: these include new signal sources, advanced bid modification and creative switching functionality. These enhancements have provided increased commercial traction and further strengthened the product's market position.

The rollout of IMPACT to agencies and advertisers, which began in Q4 2016 with an agreement with Jellyfish, has accelerated throughout H1 2017, with agencies including Essence and the7stars adopting its use, the latter to great effect in winning Best Paid Search Campaign in The Drum Digital Trading Awards.

This commercial progress with leading agencies has provided further validation of mporium's route to market: working alongside industry leading media agencies allows us to achieve a leveraged sales model. This close relationship with agencies has also been critical in the product development cycle, ensuring that IMPACT enhancements are targeted at addressing the core needs of a rapidly growing market. These agency relationships were directly responsible for extending the use of IMPACT into several Continental European markets, a development that was not expected to take place until 2018.

The Group made substantial investment in staff during the period, particularly across Technology & Data Science and Sales & Account Management. These investments were targeted to correctly position the business for growth.

The Company has made significant progress against the Key Performance Indicators (KPIs) that were outlined in the 2016 Annual Report. The increase in advertising Spend Under Management (SUM) has been particularly significant. Refinement and measurement of these KPIs will continue to be monitored closely by the business over the coming quarters.

To support this continued investment, the Company raised £3.0 million (after expenses) through the placing and subscription of ordinary shares in March through an accelerated book build.

Board Changes

As announced today, after nearly two intensive years as Chairman throughout the company's crucial foundation phase, Nigel Walder is leaving the Board. Chief Executive Officer Barry Moat is taking the role of Executive Chairman, while Nelius De Groot is joining the Board as Chief Executive Officer after two years as Chief Operating Officer. All of these changes take place with immediate effect.

Richard Gordon, who provided essential continuity as Finance Director while mporium was established within the listing of a predecessor company, will be leaving at the end of September, to focus on other business interests. Succession planning is already underway.

Outlook

The market for IMPACT is vast, with global Digital Ad spend equating to \$194bn in 2016. This figure is estimated by eMarketer to grow to \$335bn by 2020, with most of this growth being driven by mobile advertising. mporium is well positioned to benefit from this growth and is poised for its IMPACT technology to be used across global markets. As was the case with the expansion into Continental Europe, the initial phases of this expansion will not require the addition of local staff. Ultimately, full monetisation of the expansion into global markets will naturally require the introduction of a limited number of local Sales and Account Management resources.

Advanced discussions with additional leading agencies regarding commercial arrangements are ongoing and the overall pipeline for mporium IMPACT is promising.

The Directors believe the progress and momentum generated to date will continue throughout 2017.

Consolidated Interim Statement of Total Comprehensive Income

for the 6 months ended 30 June 2017

	<u>Note</u>	<u>6 months to</u> <u>30 June 2017</u> <u>unaudited</u> <u>£</u>	<u>6 months to 30</u> <u>June 2016</u> <u>unaudited</u> <u>£</u>	<u>Year ended</u> <u>31 December 2016</u> <u>audited</u> <u>£</u>
Continuing operations				
Revenue	4	1,052,750	870,473	1,824,108
Cost of sales		(78,796)	(154,778)	(318,731)
Gross profit		973,954	715,695	1,505,377
Administrative expenses		(3,391,243)	(3,648,134)	(6,310,785)
Operating loss		(2,417,289)	(2,932,439)	(4,805,408)
Financial income		621	2,508	4,612
Financial expense		(1,746)	(9,988)	(4,558)
Loss on ordinary activities before taxation		(2,418,414)	(2,939,919)	(4,805,354)
Taxation		-	-	626,848
Total loss		(2,418,414)	(2,939,919)	(4,178,506)
Other comprehensive loss for the period				
Revaluation of investment which will subsequently be reclassified to profit and loss	6	(323,381)	269,023	283,601
Total comprehensive losses attributable to equity holders of the parent company		(2,741,795)	(2,670,896)	(3,894,905)
Basic and diluted loss per share for losses attributable to the owners of the parent during the period	7	(0.01)	(0.01)	(0.01)

The notes on pages 9 to 11 form part of these financial statements

Consolidated Interim Statement of Financial Position

as at 30 June 2017

	<u>Note</u>	<u>As at</u> <u>30 June 2017</u> <u>unaudited</u> <u>£</u>	<u>As at</u> <u>30 June 2016</u> <u>unaudited</u> <u>£</u>	<u>As at</u> <u>31 December 2016</u> <u>audited</u> <u>£</u>
Non-current assets				
Property, plant and equipment		351,111	326,006	345,936
Intangible assets		3,366,547	2,277,615	2,881,850
Investments	6	400,624	688,480	724,005
Total Non-current assets		4,118,284	3,292,101	3,951,791
Current assets				
Trade and other receivables		1,596,540	1,574,547	1,696,752
Cash and cash equivalents		1,641,643	662,052	1,282,429
Total Current assets		3,238,183	2,236,599	2,979,181
Total assets		7,356,467	5,528,700	6,930,972
Current liabilities				
Trade and other payables		(1,212,769)	(1,779,228)	(1,233,654)
Total Current liabilities		(1,212,769)	(1,779,228)	(1,233,654)
Total liabilities		(1,212,769)	(1,779,228)	(1,233,654)
Net assets		6,143,698	3,749,472	5,697,318
Shareholders' Equity				
Share capital		2,672,692	2,351,049	2,571,027
Share premium		20,386,239	14,614,568	17,493,454
Share option reserve		1,926,120	2,136,763	1,854,505
Merger reserve		7,641,598	7,641,598	7,641,598
Retained earnings		(26,482,951)	(22,994,506)	(23,863,266)
Equity shareholders' funds		6,143,698	3,749,472	5,697,318

The notes on pages 9 to 11 form part of these financial statements

Consolidated Interim Statement of Changes in Equity

for the 6 months ended 30 June 2017

	Retained earnings	Share capital	Share premium reserve	Share option reserve	Merger reserve	Total
	£	£	£	£	£	£
31 December 2015 - audited	(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 issue during the year	-	220,364	2,965,710	-	-	3,186,074
Other comprehensive income – revaluation of investment	283,601	-	-	-	-	283,601
31 December 2016 - audited	(23,863,266)	2,571,027	17,493,454	1,854,505	7,641,598	5,697,318
Comprehensive loss for the period	(2,418,414)	-	-	-	-	(2,418,414)
Share-based payments	-	-	-	193,725	-	193,725
Transfer related to lapsed share options	122,110	-	-	(122,110)	-	-
Share issue during the year	-	101,665	2,948,285	-	-	3,049,950
Share issue cost	-	-	(55,500)	-	-	(55,500)
Other comprehensive income – revaluation of investment	(323,381)	-	-	-	-	(323,381)
30th June 2017 - unaudited	(26,482,951)	2,672,692	20,386,239	1,926,120	7,641,598	6,143,698

The notes on pages 9 to 11 form part of these financial statements

Consolidated Interim Statement of Cash Flows

for the 6 months ended 30 June 2017

	<u>6 months to 30</u> <u>June 2017</u> <u>unaudited</u> <u>£</u>	<u>6 months to 30</u> <u>June 2016</u> <u>unaudited</u> <u>£</u>	<u>Year ended 31</u> <u>December 2016</u> <u>audited</u> <u>£</u>
Cash flows used in operating activities			
Loss before taxation	(2,418,414)	(2,939,919)	(4,805,354)
Adjustments for:			
Depreciation of property, plant and equipment	89,800	67,183	144,403
Amortisation of intangible assets	449,179	125,000	312,749
Impairment of intangible assets	-	575,250	575,250
Loss on sale of intangible assets	-	10,500	-
Share based payment expense	193,724	247,206	320,197
Write-off of intercompany receivable	-	-	-
Financial income	(621)	(2,508)	(4,612)
Financial expense	1,746	9,988	4,558
Dividend	-	-	-
Cash flows from operating activities before changes in working capital	(1,684,585)	(1,907,300)	(3,452,809)
Decrease/(increase) in trade and other receivables	125,754	(2,058,444)	(11,751)
Increase /(decrease) in trade and other payables	(70,536)	2,257,238	(730,916)
Cash used in operations	(1,629,368)	(1,708,506)	(742,667)
Income taxes received	24,109	-	900,528
Net cash used in operating activities	(1,605,259)	(1,708,506)	(3,294,948)
Cash flows used in investing activities			
Interest received	621	2,508	4,612
Investment	-	-	(20,947)
Purchase of intangible assets	(933,877)	(298,872)	(1,080,356)
Purchase of property, plant and equipment	(94,976)	(58,794)	(155,942)
Net cash used in investing activities	(1,028,232)	(355,158)	(1,252,633)
Cash flows from financing activities			
Interest paid	(1,745)	(9,988)	(4,558)
Issue of share capital	3,049,950	386	3,186,074
Issue cost of share	(55,500)	-	(86,824)
Net cash generated from financing activities	2,992,705	(9,602)	3,094,602
Net increase/(decrease) in cash and cash equivalents	359,214	(2,073,266)	(1,452,889)
Cash and cash equivalents at start of period	1,282,429	2,735,318	2,735,318
Cash and cash equivalents at end of period	1,641,643	662,052	1,282,429

The notes on pages 9 to 11 form part of these financial statements

Notes to the consolidated interim financial statements

1 Basis of preparation

The interim condensed consolidated financial statements are the unaudited Consolidated Financial Statements of mporium Group plc, for the six months ended 30 June 2017. This non-statutory interim statement has been prepared on a basis consistent with that used in the preparation of the annual accounts, which are prepared under International Financial Reporting Standards as adopted by the EU ("IFRS"). They do not include all of the information required in annual financial statements in accordance with IFRS.

The interim financial statements were approved by the Board on 24 August 2017. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements have been prepared under the historical cost convention and the consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies.

The comparative figures for the year ended 31 December 2016 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts received an unqualified audit report which did not contain statements under sections 498(2) or (3) (accounting record or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006.

2 Significant accounting policies

The principal accounting policies and presentation followed in the preparation of this interim report have been consistently applied to all periods in these financial statements and are the same as those applied in the Group's annual accounts for the year ended 31 December 2016. The accounts for the Group can be obtained from the company's website.

3 Critical accounting judgements and key estimation of uncertainty

The preparation of financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised. The critical accounting judgements made in preparing this interim report are the same as those in preparing the annual accounts for the Group for the year ended 31 December 2016 which can be obtained from the company's website.

4 Business segments

The mporium Group plc's operations are centred on providing software and supporting services. Management therefore considers there to be one reporting segment covering the entire Group.

A supplementary analysis of revenue is as follows:

	<u>6 months to 30</u> <u>June 2017</u> <u>unaudited</u> £	<u>6 months to 30</u> <u>June 2016</u> <u>unaudited</u> £	<u>Year ended 31</u> <u>December 2016</u> <u>audited</u> £
Technology & Other Recurring Revenue	925,027	508,982	1,223,599
Upsold Project Fees to Existing Clients	127,723	361,491	600,509
	<u>1,052,750</u>	<u>870,473</u>	<u>1,824,108</u>

Notes to the consolidated interim financial statements*continued***5 Staff numbers**

The average number of persons employed by the mporium Group during the period including executive directors is analysed below:

	<u>6 months to 30</u> <u>June 2017</u> <u>unaudited</u>	<u>6 months to</u> <u>30 June 2016</u> <u>unaudited</u>	<u>Year ended 31</u> <u>December 2016</u> <u>audited</u>
Directors	5	6	5
Administration	5	4	4
Technology & Data Science	15	10	11
Analytics, Search & Marketing	12	11	12
Product & Project Management	6	3	4
Sales & Account Management	14	8	11
	57	42	47

6 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 loss of £323,381 to reflect the movement in market value was recognised in other comprehensive income.

	<u>6 months to 30</u> <u>June 2017</u> <u>unaudited</u> £	<u>6 months to 30</u> <u>June 2016</u> <u>unaudited</u> £	<u>Year ended 31</u> <u>December 2016</u> <u>audited</u> £
Number of shares	53,113	51,177	53,113
Share price Norwegian Krona	82	150	145
FX NOK/£	10.87	11.15	10.64
Fair value	400,624	688,480	724,005
Revaluation recognised in consolidated statement of income	(323,381)	269,023	283,601

7 Loss per share

	<u>6 months to 30</u> <u>June 2017</u> <u>unaudited</u> £	<u>6 months to</u> <u>30 June 2016</u> <u>unaudited</u> £	<u>Year ended 31</u> <u>December 2016</u> <u>audited</u> £
Loss for the period	(2,418,414)	(2,939,919)	(4,178,506)
Deemed average ordinary shares in issue during the period	534,538,406	470,206,403	489,348,567
Loss per share	(0.01)	(0.01)	(0.01)

Deemed average ordinary shares are used due to the application of merger accounting.

8 Interim Report

The Group's interim report will be available from the Company's registered office and on the Company's website www.mporium.com.