

30 August 2018

Mporium Group plc
("Mporium" or the "Group")

Half Year Results

Mporium Group plc (AIM:MPM), the technology company delivering event-driven digital marketing, today announces its results for the six months ended 30 June 2018.

Financial Highlights

- Group revenue increased 10% to £1.2 million (H1 2017: £1.1 million), driven by an increase in IMPACT sales
- Technology & Other Recurring Revenue increased 14% to £1.1 million (H1 2017: £0.9 million)
- Operating loss increased 4% to £2.5 million (H1 2017: £2.4 million) largely driven by depreciation and the amortisation of ongoing capitalised development costs
- Cash and cash equivalents at the end of the period of £0.8m (30 December 2017: £2.0m)

Operational Highlights

- A commercial agreement was signed with GroupM, providing access to IMPACT across the GroupM agencies
- Following the delivery of a strong advertising performance for the Samsung S9 phone launch, Mporium's commercial agreement with Performics, the performance marketing arm of Publicis Media, was expanded to cover further product campaigns
- Management team strengthened with the appointments of Glyn Shadwell as Chief Operating Officer and Nicholas Bertolotti as a Non-Executive Director

Post Period Highlights

- A commercial agreement was signed for the use of IMPACT with one of the world's largest and most prestigious media services networks

Nelius De Groot, CEO of Mporium, commented:

" We have made considerable progress against our strategy in the first half. This was evidenced by the Group's continued success in signing new commercial deals with large and respected media networks, and by expanding the scope of existing agreements on the back of delivering strong performance against expectations. It is due to these relationships that several major global brands are now using our technology to drive performance on their most important advertising campaigns.

This expansion of our customer base has driven increased revenues, and with the product enhancements made to IMPACT over the period our technology is becoming increasingly valuable to our clients. Given the significant progress and traction the Group is seeing in the growing markets that it is participating in, the Group intends to continue to invest in a disciplined fashion in its products and business development and will, as ever, monitor its cash resources and need for external financing closely.

"We look to the future with confidence: IMPACT is operating on campaigns across more than 140 countries and there is significant global appetite for the technology across several verticals. We have made significant steps in our plans to gain increased commercial traction for the technology, as we continue to roll-out successful campaigns where we have signed commercial agreements, and demonstrate the value that IMPACT is able to deliver. We are confident that the progress and momentum generated to date will continue throughout 2018."

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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 agencies that serve them, to identify and leverage micro-moments; those moments when there are significant changes in the levels of consumer intent. The result is improved performance for 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 market-leading media networks and agencies: GroupM, Performics, Essence and the7stars. Although the Group is based in the UK, the technology has been used to drive campaigns across more than 140 countries, and management intends 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

Directors' report for the 6 months ended 30 June 2018

Mporium Group plc (AIM:MPM), the technology company delivering event-driven digital marketing, listed on the London Stock Exchange's AIM market, is pleased to announce its results for the six months ended 30 June 2018.

Results Overview

Overall revenue during the period under review grew 10% to £1,160,310 (2017: £1,052,750), driven by increased sales of IMPACT across a larger customer base. As expected, as IMPACT develops into the principal product sold by the Group, recurring revenues levels continue to grow, now accounting for over 90% of revenues.

The loss from ordinary activities before taxation was £2,518,729 (2017: loss of £2,418,414). An increase in Administrative Expenses was largely driven by increases in depreciation and the amortisation of ongoing capitalised development costs in comparison to H1 2017. Progress on the investment in the core IMPACT platform has progressed to the stage that management expect future development costs to reduce in accordance with the amortisation schedule. The loss per share was £0.01 (2017: loss of £0.01).

The Group had cash reserves at the end of the half year of £814,636 (2017: £1,641,643). The Group will remain committed, in a disciplined fashion, to ongoing investment in its products and business development. As such, the Group will need to evaluate its ongoing funding needs and options until it becomes internally cash generative.

The Group is building on the strong business, product and organisational progress made in 2017. The commercialisation of IMPACT is the primary focus and the Group recorded a number of achievements in this regard during the first half of the financial year, including a commercial agreement with one of the largest global media networks, GroupM. In June, the Group also announced that its relationship with Performics, established in December 2017, had been deepened and the scope of Mporium's work within the agency expanded. This was partly attributable to the contribution made by IMPACT on the launch of the Samsung S9 phone. Just after the half year end, this was followed by another major agreement with an unnamed party. As referenced in these announcements, IMPACT is now being deployed on behalf of some of the largest and most prestigious global brands via a number of agency partners.

The Group's Fast Web Media (FWM) business continues to concentrate on a new technology-led focus, with a significantly enhanced agency offering. Mporium is confident that the strengthened FWM management team will execute on the opportunities available to the new generation of agencies with technology at the core of their offering.

Business Review

The Group operates in the growth sector of Digital Advertising and seeks to monetise micro-moments: those moments when there are significant changes in the levels of consumer intent. The commercial traction gained by the Group's flagship IMPACT product accelerated significantly during H1 2018, with the Group signing notable commercial agreements with two more of the world's largest and most prestigious media networks.

Currently, revenue is primarily derived from a percentage of spend under management, which is consistent with the revenue model used by the majority of digital agencies. Management is continuing to assess the potential of other models including Software as a Service ("SaaS") delivery, performance-based and revenue share models.

The scale of IMPACT's performance capabilities has increased dramatically during H1 2018, incorporating additional signal sources and further advertising venues. Much of the feedback for the product development has come directly from brands and agencies, and the Group continues to build the technology in an agile manner, ensuring that the product roadmap continues to address the needs of the market. The product enhancements released during H1 2018, have significantly increased the ways in which IMPACT can deliver value to brands and agencies, thereby growing the opportunities to monetise the technology.

Monetisation of micro-moments requires intelligence decisions as to when to activate campaigns for the right audience, with the right message, on the right advertising channel. Sophisticated data science techniques are used to enable IMPACT to correlate anomalies in consumer behaviour to the signals that drove that behaviour. This analysis is used by IMPACT to drive performance within digital campaigns, but these insights also have significant commercial value to entities other than digital media agencies.

Understanding the consumer response to real-world stimuli is of critical importance to a wide range of business entities, including brands, creative agencies, out-of-home media owners, management consultancies and broadcasters. Provision of insights to these entities provides an additional means to monetise IMPACT with a broader client base.

The effect of the implementation of General Data Protection Regulation (GDPR) in May, is only beginning to be felt by the advertising industry. This regulation provides IMPACT with a strategic advantage, as the product does not store or access any personal data. As the effect of GDPR on advertising performance is fully experienced by brands and agencies, IMPACT is positioned to deliver a performance overlay that uses events rather than personal data to drive campaign performance.

Board Changes

As announced in February, Nicholas Bertolotti was appointed as a Non-Executive Director of the Group. Nick has over 25 years of experience in the Technology, Media and Telecoms (“TMT”) sector, bringing vast experience in his counsel to the Board. At the same time, Staale Bjornstad, stepped down from his role as Non-Executive Director, a role that he held since June 2015.

Outlook

The market for IMPACT is vast, with global Digital Ad Spending estimated by eMarketer to grow to \$427bn by 2022, with most of this growth being driven by mobile advertising. IMPACT is being used for advertising campaigns across more than 140 countries.

Advanced discussions with additional leading agencies and brands regarding commercial arrangements are ongoing and the overall pipeline for Mporium IMPACT is promising. The potential for the broader application of the technology has resulted in additional opportunities with creative agencies, out-of-home media owners, management consultancies and broadcasters.

The Directors believe the progress made to date will continue to be built on throughout 2018.

Consolidated financial statements Mporium Group plc

Consolidated interim statement of total comprehensive income for the period ended 30 June 2018

	Note	6 months to 30 June 2018 unaudited £	6 months to 30 June 2017 unaudited £	Year ended 31 December 2017 unaudited £
Continuing operations				
Revenue	4	1,160,310	1,052,750	1,977,799
Cost of sales		(54,072)	(78,796)	(155,268)
Gross Profit		1,106,238	973,954	1,822,531
Administrative expenses		(3,624,521)	(3,391,243)	(6,824,389)
Other operating income		-	-	1,131,234
Operating loss		(2,518,283)	(2,417,289)	(3,870,624)
Financial income		1,654	621	1,097
Financial expense		(2,100)	(1,746)	(2,907)
Loss from operations before taxation		(2,518,729)	(2,418,414)	(3,872,434)
Taxation		-	-	702,380
Total Loss		(2,518,729)	(2,418,414)	(3,170,054)
Other comprehensive loss				
Revaluation of investment which will subsequently be reclassified to profit & loss	6	(104,515)	(323,381)	(376,942)
Total comprehensive losses attributable to equity holders of the parent company		(2,623,244)	(2,741,795)	(3,546,996)
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)

Consolidated financial statements Mporium Group plc

Consolidated interim statement of financial position as at 30 June 2018

<u>Note</u>	<u>6 months to</u> <u>30 June 2018</u> <u>unaudited</u> £	<u>6 months to</u> <u>30 June 2017</u> <u>unaudited</u> £	<u>Year ended</u> <u>31 December 2017</u> <u>unaudited</u> £
Non-current assets			
Property, plant and equipment	284,805	351,111	395,385
Intangible assets	3,552,680	3,366,547	3,686,385
Investments	242,548	400,624	347,063
Total Non-current assets	4,080,033	4,118,284	4,428,833
Current assets			
Trade and other receivables	1,828,332	1,596,540	3,142,832
Cash and cash equivalents	814,636	1,641,643	2,036,224
Total Current assets	2,642,968	3,238,183	5,179,056
Total assets	6,723,001	7,356,467	9,607,889
Current liabilities			
Trade and other payables	(865,980)	(1,212,769)	(1,222,938)
Total Current liabilities	(865,980)	(1,212,769)	(1,222,938)
Net assets	5,857,021	6,143,698	8,384,951
Shareholders' Equity			
Share capital	2,939,433	2,672,692	2,939,433
Share premium	23,193,875	20,386,239	23,208,365
Share option reserve	1,854,635	1,926,120	1,746,002
Merger reserve	7,641,598	7,641,598	7,641,598
Retained earnings	(29,772,520)	(26,482,951)	(27,150,447)
Equity shareholders' funds	5,857,021	6,143,698	8,384,951

Consolidated financial statements Mporium Group plc

Consolidated interim statement of changes in equity for the period ended 30 June 2018

	Retained earnings	Share capital	Share premium reserve	Share option reserve	Merger reserve	Total
	£	£	£	£	£	£
Total loss for the year	(4,178,506)	-	-	-	-	(4,178,506)
Share-based payments	-	-	-	-	-	-
Transfer related to lapsed share options	355,250	-	-	(355,250)	-	-
Share issue cost	-	-	(86,824)	-	-	(86,824)
Share issues during the year	-	220,364	2,925,710	-	-	3,186,074
Other comprehensive income – revaluation of investment	283,601	-	-	-	-	283,601
31 December 2016 – audited	(23,863,266)	2,571,027	17,453,454	1,854,505	7,641,598	5,657,318
Total loss for the year	(3,170,054)	-	-	-	-	(3,170,054)
Share-based payments	-	-	-	151,312	-	151,312
Transfer related to lapsed share options	259,815	-	-	(259,815)	-	-
Share issue cost	-	-	(198,032)	-	-	(198,032)
Share issue during the year	-	368,406	5,912,943	-	-	6,281,349
Other comprehensive income – revaluation of investment	(376,942)	-	-	-	-	(376,942)
31 December 2017 – audited	(27,150,447)	2,939,433	23,208,365	1,746,002	7,641,598	8,384,951
Comprehensive loss for the period	(2,518,729)	-	-	-	-	(2,518,729)
Share-based payments	-	-	-	109,804	-	109,804
Transfer related to lapsed share options	1,171	-	-	(1,171)	-	-
Share issue during the year	-	-	-	-	-	-
Share issue cost	-	-	(14,490)	-	-	(14,490)
Other comprehensive income – revaluation of investment	(104,515)	-	-	-	-	(104,515)
30th June 2018 – unaudited	(29,772,520)	2,939,433	23,193,875	1,854,635	7,641,598	5,857,021

Consolidated financial statements Mporium Group plc

Consolidated interim statement of cash flows for the period ended 30 June 2018

	<u>6 months to</u> <u>30 June 2018</u> <u>unaudited</u> £	<u>6 months to</u> <u>30 June 2017</u> <u>unaudited</u> £	<u>Year ended</u> <u>31 December 2017</u> <u>audited</u> £
Cash flows used in operating activities			
Loss before taxation	(2,518,729)	(2,418,414)	(3,872,434)
Adjustments for:			
Depreciation of property, plant and equipment	125,768	89,800	197,524
Amortisation of intangible assets	517,610	449,179	959,670
Share based payment expense	109,804	193,724	151,312
Financial income	(1,655)	(621)	(1,097)
Financial expense	2,100	1,746	2,907
Cash flows from operating activities before changes in working capital	(1,765,102)	(1,684,585)	(2,562,118)
Decrease/(increase) in trade and other receivables	1,314,501	125,754	404,533
Increase/(decrease) in trade and other payables	(356,958)	70,536	(60,367)
Cash used in operations	(807,559)	(1,629,367)	344,166
Income taxes recovered	-	24,109	679,497
Net cash used in operating activities	(807,559)	(1,605,258)	(1,538,455)
Cash flows used in investing activities			
Interest received	1,654	621	4,612
Investment	-	-	-
Purchase of intangible assets	(383,906)	(933,877)	(1,764,204)
Purchase of property, plant and equipment	(15,188)	(94,976)	(246,973)
Net cash used in investing activities	(397,429)	(1,028,232)	(1,538,455)
Cash flows from financing activities			
Interest paid	(2,100)	(1,745)	(2,907)
Issue of share capital	-	2,994,451	4,503,269
Issue cost of share	(14,490)	-	(198,032)
Net cash generated from financing activities	(16,590)	2,992,705	4,302,330
Net increase/(decrease) in cash and cash equivalents	(1,221,588)	1,282,429	753,795
Cash and cash equivalents at start of period	2,036,224	359,214	1,282,429
Cash and cash equivalents at end of period	814,636	1,641,643	2,036,224

Notes to the consolidated interim financial statements

1 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. They do not include all the information required in annual financial statements in accordance with IFRS. The interim financial statements were approved by the Board on 29 August 2018. 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 comparative figures for the year ended 31 December 2017 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies.

Going Concern

The Directors have prepared a cash flow forecast up to 30 August 2019 which indicates that continued product development, increased sales and marketing activity and general working capital requirements are likely to require a further funding round within the next 12 months. The success of the previous funding rounds, the most recent in December 2017, and current discussions with major shareholders supports the Directors' reasonable expectation that a further funding 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. 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 to realise assets and discharge liabilities in the normal course of business.

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.

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 2017. 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 conformance 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 2017 which can be obtained from the Company's website.

4 Business segments

The Mporium Group plc's operations are centred on providing a software as service 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</u> <u>30 June 2018</u> <u>unaudited</u> £	<u>6 months to</u> <u>30 June 2017</u> <u>unaudited</u> £	<u>Year ended</u> <u>31 December 2017</u> <u>audited</u> £
Product Revenue	1,053,221	925,027	1,723,665
Agency Project Revenue	107,089	127,723	254,134
	<u>1,160,310</u>	<u>1,052,750</u>	<u>1,977,799</u>

5 Staff numbers

The average number of persons employed by the Mporium Group, including executive directors, has reduced during the period. The reductions relate to ongoing cost management efforts and are not associated with the core IMPACT product. Details of the staff numbers are provided below:

	<u>6 months to</u> <u>30 June 2018</u> <u>unaudited</u>	<u>6 months to</u> <u>30 June 2017</u> <u>unaudited</u>	<u>Year ended</u> <u>31 December 2017</u> <u>audited</u>
Directors	4	5	4
Administration	5	5	5
Research and development	9	12	10
Operations	26	28	29
Sales	5	7	7
	<u>49</u>	<u>57</u>	<u>55</u>

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 £104,515 to reflect the movement in market value was recognised in other comprehensive income.

	<u>6 months to</u> <u>30 June 2018</u> <u>unaudited</u> £	<u>6 months to</u> <u>30 June 2017</u> <u>unaudited</u> £	<u>Year ended</u> <u>31 December 2017</u> <u>audited</u> £
Number of shares	53,113	53,113	53,113
Share price Norwegian Krona	49	82	59
FX NOK/£	10.73	10.87	9.03
Fair value	242,548	400,624	347,063
Revaluation recognised in consolidated statement of income	(104,515)	(323,381)	(376,942)

7 Loss per share

	<u>6 months to</u> <u>30 June 2018</u> <u>unaudited</u> £	<u>6 months to</u> <u>30 June 2017</u> <u>unaudited</u> £	<u>Year ended</u> <u>31 December 2017</u> <u>audited</u> £
Loss for the period	(2,518,729)	(2,418,414)	(3,170,054)
Deemed average ordinary shares in issue during the period	587,886,539	534,538,406	531,235,118
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.