28 June 2019

Mporium Group plc

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

Full year Results

Mporium Group plc (AIM: MPM), the technology firm delivering event-driven marketing, announces the release of its audited financial statements for the period ending 31 December 2018 (the “Period”). Extracts from these statements are enclosed below.

The results reflect the financial year prior to the transformational transaction with Allay (UK) Limited which was completed and announced in January 2019. Since then, the strategic focus of the business has changed to focus on MporiumX, the Company’s performance-led moment marketing media division, as announced since the end of the Period.

Mporium’s Chief Executive, Nelius De Groot, said:
“This has been a challenging year for the Group, however the recently announced restructuring of the business is well underway and will be complete by the end of July. We remain encouraged by the progress being achieved by MporiumX, particularly in the Sports and Consumer Regulation sectors.

“By restructuring the Group, we are confident that Mporium will move forward with a leaner business model that capitalises on the opportunities within our target markets.

“Having had strong support from existing shareholders on the back of the recent fundraise, the business will now be fully funded to execute on its new strategy. We look forward to updating shareholders in due course as the restructuring and the revised business strategy takes effect.”

Annual Report and Accounts and Notice of AGM
Mporium will today post to shareholders its Annual Report & Accounts for the year ended 31 December 2018 and Notice of Annual General Meeting ("AGM") and Form of Proxy to its shareholders. The AGM will be held at the offices of Mporium, 106 New Bond Street, London W1S 1DN on 24 July 2019 at 10:00 a.m. The Annual Report is also available to download from the Group's website at www.mporium.com.

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Notes to editors
About Mporium
Mporium is a technology company at the forefront of the transformation in digital marketing. Mporium's proprietary technology enables advertisers, to identify and leverage moments when there are significant changes in the levels of consumer engagement. MporiumX is the performance-led moment marketing media trading division of Mporium Group.

Based in the UK, Mporium Group plc is quoted on AIM, the junior market of the London Stock Exchange plc.
www.mporium.com

Strategic and Financial Report for the year ended 31 December 2018

Overview

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

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

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

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

IMPACT and MporiumX

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

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

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

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

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

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

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

Business Model

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

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

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

Product Development

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

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

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

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

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

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

Business Activity

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

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

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

Corporate Activity

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

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

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

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

Restructuring

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

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

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

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

Board Changes

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

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

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

Results Overview

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

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

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

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

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

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

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

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

Outlook

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

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

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

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

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

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

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

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

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

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

KPI

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

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

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

Events after the statement of financial position date

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

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

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

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

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

On behalf of the Board

Nelius De Groot
Chief Executive Officer
27 June 2019

Consolidated financial statements Mporium Group plc

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

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

Consolidated statement of financial position as at 31 December 2018

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

Company statement of financial position as at 31 December 2018

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

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

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

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

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

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

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

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

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

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

Notes to the consolidated and company financial statements

1 General information

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

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

2 Accounting policies

Statement of Compliance

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

Basis of preparation

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

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

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

Basis of consolidation

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

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

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

Going concern

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

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

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

Changes in accounting policies

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

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

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

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

- IFRS 14 Regulatory Deferral Accounts (IASB effective 1 January 2016 – deferred until final standard released)
- IFRS 16 Leases (IASB effective 1 January 2019)
- IFRS 17 Insurance contracts (IASB effective date 1 January 2021)

- IFRIC 22 Foreign currency transactions and advance consideration (IASB effective date 1 January 2018 – not yet adopted by the EU)
- IFRIC 23 Uncertainty over income tax treatments (IASB effective date 1 January 2019)
- Amendments to IFRS 4: Applying IFRS9 financial instruments with IFRS 4 Insurance Contracts (IASB effective date 1 January 2018 – not yet endorsed)
- Amendments to IAS 7: Disclosure Initiative (IASB effective date 1 January 2017 – not yet endorsed)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (IASB effective date 1 January 2017 – not yet endorsed)
- Clarifications to IFRS 15: Revenue from Contracts with Customers (IASB effective date 1 January 2018 – not yet endorsed)

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

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

Revenue

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

Intangible assets

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

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

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

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

Goodwill

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

Investments

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

Financial assets and financial liabilities

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

Impairment of property, plant and equipment and intangible assets

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

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

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

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

Conversion of foreign currency

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

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

Financial instruments

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

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

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

Trade and other receivables

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

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

Equity instruments

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

Commitments and contingencies

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

Events after the statement of financial position date

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

Research and development activities

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

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

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

Taxation

Current taxation

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

Deferred taxation

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

Leases

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

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

Share-based payments

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

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

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

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

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

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

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

Shareholder's Equity

Equity comprises:

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

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

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

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

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

Employee benefits

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

3 Critical accounting judgements and key estimation of uncertainty

Accounting estimates and judgements

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

The accounting policies cover areas that are considered by the Directors to require estimates and assumptions which have significant risk of causing a material adjustment to the carrying amounts of assets

& liabilities within the next financial year. The policies and the related notes to the financial statements are found below:

Recoverability of receivables (note 17)

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

Impairment of Intangible assets and goodwill (note 14)

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

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

Share-based payments (note 24)

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

Going concern (note 2)

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

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

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

4 Financial instruments and treasury risk management

General objectives, policies and processes

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

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

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

Principal financial instruments

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

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

Financial Assets

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

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

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

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

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

Financial Liabilities

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

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

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

Treasury risk management

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

Credit risk

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

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

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

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

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

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

Currency risks

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

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

Liquidity risk

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

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

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

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

Derivative financial instruments

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

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

Capital management

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

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

5 Operating segments

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

A supplementary analysis of revenue is as follows:

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

The geographical split of revenue is as follows:

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

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

6 Operating Loss

The operating loss is stated after charging the following amounts:

	Year ended 31 December 2018	**Year ended 31 December 2017**
	£	**£**
Depreciation of property, plant and equipment		
- owned	236,104	197,524
Amortisation of intangible assets	1,223,333	959,670

Office rent and services charges	560,165	444,846
Bad debt	42,692	-
Staff cost	3,427,970	3,212,649
Administration costs	1,632,391	2,009,700
Impairment of goodwill	1,445,523	-

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

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

7 Staff costs and numbers

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

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

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

Directors' emoluments

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

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

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

Notes

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

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

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

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

8 Other Operating Income

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

9 Financial income

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

10 Financial expense

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

11 Taxation

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

Reconciliation of the tax credit

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

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

Amounts relating to current year R&D credit	643,908	636,658
Amounts relating to prior years R&D credit	49,106	-
Tax credit	**693,015**	**702,380**

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

12 Loss per share

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

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

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

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

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

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

13 Property, plant and equipment

Group

	Office Equipment	**Furniture and Fixtures**	**Computer Hardware**	**Computer Software**	**Total**
	£	**£**	**£**	**£**	**£**
Cost					
1 January 2017	**38,586**	**386,761**	**101,656**	**21,945**	**548,948**
Additions	56,610	158,040	32,258	65	246,973
1 January 2018	**95,196**	**544,801**	**133,914**	**22,010**	**795,921**
Additions	-	4,587	26,233	-	30,820
31 December 2018	**95,196**	**549,388**	**160,147**	**22,010**	**826,741**
Depreciation					
1 January 2017	**7,488**	**140,640**	**42,537**	**12,347**	**203,012**
Charge for the year	25,736	137,458	27,069	7,261	197,524
1 January 2018	**33,224**	**278,098**	**69,606**	**19,608**	**400,536**

Charge for the year	30,933	163,072	39,697	2,402	236,104
31 December 2018	**64,157**	**441,170**	**109,303**	**22,010**	**636,640**
Carrying amount					
31 December 2018	**31,039**	**108,218**	**50,844**	**-**	**190,101**
31 December 2017	61,972	266,703	64,308	2,402	395,385

14 Intangible assets

Group

	Development product £	Goodwill £	Other intangibles £	Total intangible assets £
Cost less impairment				
1 January 2017	1,129,487	1,445,523	760,000	3,335,010
Additions	1,764,205	-	-	1,764,205
1 January 2018	2,893,692	1,445,52 3	760,000	5,099,215
Additions	946,058	-	-	946,058
31 December 2018	**3,839,750**	**1,445,523**	**760,000**	**6,045,273**
Amortisation				
1 January 2017	**62,749**	**-**	**390,411**	**453,160**
Charge for the year	**709,670**	**-**	**250,000**	**959,670**
1 January 2018	**772,419**	**-**	**640,411**	**1,412,830**
Charge for the year	1,113,744	-	109,589	1,223,333
Impairment	-	1,445,523	-	1,445,523
31 December 2018	**1,886,163**	**1,445,523**	**750,000**	**4,081,686**
Carrying amount				
31 December 2018	**1,953,587**	**-**	**10,000**	**1,963,587**
31 December 2017	2,121,273	1,445,523	119,589	3,686,385

Internal Intangibles

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

Goodwill

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

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

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

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

Other Intangibles

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

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

15 Investments

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

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

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

16 Investments in subsidiaries

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

31 December 2017	**1,202,492**	**-**	**1,202,492**
Impairment	(1,202,492)	-	(1,202,492)
31 December 2018	**-**	**-**	**-**

An impairment of FWM was provided for in 2018 £1.202 million (2017: £Nil see note 14). An impairment review of the investment in FWM was performed through a discounted cash flow covering the next 5 years with a terminal growth rate to perpetuity. The Cash Flow included a discounted terminal value to reflect the value of ongoing operations of the business. This was calculated using a 2.0% growth rate in line with GDP at the time. Revenue growth has been included at a rate of between 5% to 20% over the 5 year period. A Weighted Average Cost of Capital (WACC) of 18% was used and it was concluded that a £1,202k impairment was required to the investment.

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

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

17 Trade and other receivables

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

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

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

Aged analysis of Trade receivables	**As at 31 December 2018**	**As at 31 December 2017**
	£	**£**
Outstanding between one and two months	62,596	202,040
Outstanding between two and three months	15,615	47,939
Outstanding more than three months	3,001	42,692

Less: allowance for receivables	-	-
	81,212	**292,671**

18 Cash and cash equivalents

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

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

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

19 Trade and other payables

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

Aged analysis of trade payable

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

20 Share capital

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

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

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

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

21 Financial commitments

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

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

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

22 Events after the Reporting Period

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

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

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

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

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

23 Related party transactions

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

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

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

There were related party transactions during the period of:

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

24 Share-based payments

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

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

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

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

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

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

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

Date of grant	Number of options	Issued in year	Surrendered / exercised during the year	Number of options	Exercisable from	Exercisable to	Exercise price per option
	01/01/2018			31/12/2018			
22/10/2008	170,000	-	(70,000)	100,000	22/10/2011	24/11/2026	£0.0050

05/05/2011	119,980	-		119,980	30/06/2011	05/05/2021	£0.0050
05/05/2011	39,130	-		39,130	22/10/2011	05/05/2021	£0.0050
05/05/2011	51,780	-		51,780	31/12/2013	05/05/2021	£0.0050
05/05/2011	20,758	-		20,758	31/12/2013	05/05/2021	£0.5250
05/05/2011	239,980	-		239,980	01/09/2016	31/08/2019	£0.0050
01/08/2011	120,000	-		120,000	01/08/2011	01/08/2021	£0.0050
01/08/2011	60,000	-		60,000	30/06/2014	01/08/2021	£0.0050
01/08/2011	79,340	-		79,340	01/09/2016	31/08/2019	£0.0050
18/10/2013	26,060	-		26,060	18/10/2013	18/10/2023	£0.0050
18/10/2013	182,840	-		182,840	31/12/2014	18/10/2023	£0.5250
18/10/2013	21,360	-		21,360	31/12/2015	18/10/2023	£0.5250
19/06/2014	11,271	-		11,271	30/06/2015	19/06/2024	£0.7000
19/06/2014	60,000	-		60,000	01/09/2016	19/06/2024	£0.5250
19/06/2014	100,000	-		100,000	01/09/2016	19/06/2024	£0.0050
19/06/2014	19,229	-		19,229	31/12/2016	19/06/2024	£0.7000
31/10/2014	98,200	-	(98,200)	0	01/11/2015	31/10/2018	£0.0050
31/10/2014	98,200	-	(98,200)	0	01/11/2016	31/10/2018	£0.0050
08/06/2015	42,571,960	-		42,571,960	08/06/2015	08/06/2025	£0.0200
08/06/2015	4,257,196	-		4,257,196	08/06/2016	08/06/2025	£0.0375
08/06/2015	4,257,196	-		4,257,196	08/06/2017	08/06/2025	£0.0375
08/06/2015	4,257,196	-		4,257,196	08/06/2018	08/06/2025	£0.0375
30/09/2015	1,000,000	-		1,000,000	03/05/2016	08/06/2025	£0.0500
07/10/2016	1,583,334	-		1,583,334	07/10/2017	07/10/2027	£0.0738
07/10/2016	1,583,334	-		1,583,334	07/10/2018	07/10/2027	£0.0738
07/10/2016	1,583,332	-		1,583,332	07/10/2019	07/10/2027	£0.0738
21/12/2017	1,500,000	-	(500,000)	1,000,000	21/12/2018	21/12/2027	£0.0738
21/12/2017	1,500,000	-	(500,000)	1,000,000	21/12/2019	21/12/2027	£0.0738
21/12/2017	1,500,000	-	(500,000)	1,000,000	21/12/2020	21/12/2027	£0.0738
23/02/2018		4,333,330	(100,000)	4,233,330	23/02/2019	23/02/2028	£0.0800
23/02/2018		4,333,332	(100,000)	4,233,332	23/02/2020	23/02/2028	£0.0800
23/02/2018		4,333,338	(100,000)	4,233,338	23/02/2021	23/02/2028	£0.0800
21/05/2018		2,066,664		2,066,664	21/05/2019	21/05/2028	£0.0675
21/05/2018		2,066,664		2,066,664	21/05/2020	21/05/2028	£0.0675
21/05/2018		2,066,672		2,066,672	21/05/2021	21/05/2028	£0.0675
30/05/2018		1,666,666		1,666,666	23/02/2019	30/05/2028	£0.0700
30/05/2018		1,666,667		1,666,667	23/02/2020	30/05/2028	£0.0700
30/05/2018		1,666,667		1,666,667	23/02/2021	30/05/2028	£0.0700
22/10/2018		1,500,000		1,500,000	22/10/2019	22/10/2028	£0.0498
22/10/2018		1,500,000		1,500,000	22/10/2020	22/10/2028	£0.0498
22/10/2018		1,500,000		1,500,000	22/10/2021	22/10/2028	£0.0498
22/10/2018		333,333		333,333	22/10/2019	22/10/2028	£0.0498
22/10/2018		333,333		333,333	22/10/2020	22/10/2028	£0.0498
22/10/2018		333,334		333,334	22/10/2021	22/10/2028	£0.0498
22/10/2018		133,333		133,333	22/10/2019	22/10/2028	£0.0498
22/10/2018		133,333		133,333	22/10/2020	22/10/2028	£0.0498
22/10/2018		133,334		133,334	22/10/2021	22/10/2028	£0.0498
22/10/2018		100,000		100,000	22/10/2019	22/10/2028	£0.0498
22/10/2018		100,000		100,000	22/10/2020	22/10/2028	£0.0498
22/10/2018		100,000		100,000	22/10/2021	22/10/2028	£0.0498
	67,111,676	30,400,000	(2,066,400)	95,445,276			

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

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

Date of issue	Weighted average share price	Weighted average exercise price	Expected volatility	Expected life	Risk free rate	Expected dividend yield
18/10/2013	0.9870	0.5250	19.00%	10 years	2.82%	-
18/10/2013	0.9870	0.5250	19.00%	10 years	2.82%	-
19/06/2014	0.2200	0.7000	15.09%	10 years	2.82%	-
19/06/2014	0.2200	0.5250	15.09%	10 years	2.82%	-
19/06/2014	0.2200	0.0050	15.09%	10 years	2.82%	-
19/06/2014	0.2200	0.7000	15.09%	10 years	2.82%	-
31/10/2014	0.0625	0.0050	111.50%	10 years	0.47%	-
31/10/2014	0.0625	0.0050	111.50%	10 years	0.78%	-
08/06/2015	0.0375	0.0200	134.00%	10 years	0.46%	-
08/06/2015	0.0375	0.0375	134.00%	10 years	0.46%	-
08/06/2015	0.0375	0.0375	134.00%	10 years	0.60%	-
08/06/2015	0.0375	0.0375	134.00%	10 years	0.90%	-
30/09/2015	0.0450	0.0500	139.70%	10 years	0.39%	-
26/04/2016	0.0838	0.0838	94.9%	10 years	0.37%	-
26/04/2016	0.0838	0.0838	122.1%	10 years	0.68%	-
26/04/2016	0.0838	0.0838	113.5%	10 years	0.95%	-
26/09/2016	0.0713	0.0713	45.9%	10 years	0.00%	-
26/09/2016	0.0713	0.0713	32.0%	10 years	0.00%	-
26/09/2016	0.0713	0.0713	51.4%	10 years	0.37%	-
26/09/2016	0.0713	0.0713	52.4%	10 years	0.39%	-
26/09/2016	0.0713	0.0713	77.7%	10 years	0.55%	-
26/09/2016	0.0713	0.0713	77.8%	10 years	0.68%	-
26/09/2016	0.0713	0.0713	106.1%	10 years	0.70%	-
26/09/2016	0.0713	0.0713	108.6%	10 years	0.84%	-
26/09/2016	0.0713	0.0713	105.5%	10 years	0.95%	-
07/10/2016	0.0738	0.0738	42.0%	10 years	0.37%	-
07/10/2016	0.0738	0.0738	76.6%	10 years	0.95%	-
07/10/2016	0.0738	0.0738	104.7%	10 years	0.95%	-
21/12/2017	0.0700	0.0738	28.2%	10 years	0.36%	-
21/12/2017	0.0700	0.0738	33.1%	10 years	0.46%	-
21/12/2017	0.0700	0.0738	61.5%	10 years	0.56%	-
23/02/2018	0.0800	0.0800	32.4%	10 years	0.58%	-
23/02/2018	0.0800	0.0800	34.6%	10 years	0.73%	-
23/02/2018	0.0800	0.0800	61.1%	10 years	0.86%	-
21/05/2018	0.0675	0.0675	32.3%	10 years	0.63%	-
21/05/2018	0.0675	0.0675	35.3%	10 years	0.76%	-
21/05/2018	0.0675	0.0675	45.9%	10 years	0.88%	-
30/05/2018	0.0700	0.0700	32.5%	10 years	0.46%	-
30/05/2018	0.0700	0.0700	35.4%	10 years	0.56%	-
30/05/2018	0.0700	0.0700	45.9%	10 years	0.67%	-
22/10/2018	0.0498	0.0498	40.5%	10 years	0.70%	-
22/10/2018	0.0498	0.0498	35.8%	10 years	0.77%	-
22/10/2018	0.0498	0.0498	37.6%	10 years	0.86%	-
22/10/2018	0.0498	0.0498	40.5%	10 years	0.70%	-

22/10/2018	0.0498	0.0498	35.8%	10 years	0.77%	-
22/10/2018	0.0498	0.0498	37.6%	10 years	0.86%	-
22/10/2018	0.0498	0.0498	40.5%	10 years	0.70%	-
22/10/2018	0.0498	0.0498	35.8%	10 years	0.77%	-
22/10/2018	0.0498	0.0498	37.6%	10 years	0.86%	-
22/10/2018	0.0498	0.0498	40.5%	10 years	0.70%	-
22/10/2018	0.0498	0.0498	35.8%	10 years	0.77%	-
22/10/2018	0.0498	0.0498	37.6%	10 years	0.86%	-