The NEXT GENERATION of ADVERTISING

Mirriad

Mirriad Advertising plc
Annual report and accounts 2017

NATURAL ADVERTISING

Our video technology naturally blends advertising into the video people love to watch.

Mirriad is a video technology company delivering in-video advertising by naturally blending brand advertising into popular entertainment content.

Using sophisticated technologies, Mirriad creates advertising opportunities within existing premium video across multiple shows. Advertisers can now reach very large target audiences in a contextually relevant way without interrupting the viewing experience.

02 Learn more about what we do

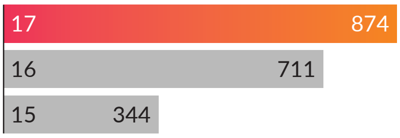
mirriadplc.com

Highlights

Financial highlights

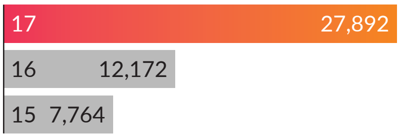
Revenue (£000)

£874k *+23%*



Net assets (£000)

£27,892k *+129%*



EPS (p)

(19)p *+6%*

2017 operational highlights

- The Company was admitted to AIM following its successful IPO on 19 December, raising £23.7 million net of costs
- The Group ran its largest single campaign in China in Q4, generating total impressions for the advertiser in excess of 800m
- The Group signed a landmark contract in the US with Univision in October
- The Group signed an extended term on its existing contract with Globosat in Brazil in September, extending the term by a further five years from the start of the original contract
- The Company's granted patents increased to 11 with seven additional patents pending as at 31 December 2017. These cover the Company's core technology and are registered in a variety of territories including Europe and the US. A Chinese application was confirmed as pending in August
- Grant funding secured from EUREKA Eurostars for the Valence project in February (total funding of £298k over the period of the grant)

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The Strategic Report contained on pages 2 to 11 was approved by the Board on 9 May 2018.

Roger Conant Faxon
Non-executive Chairman

Watch our 2018 showreel and stay up to date with the latest news and announcements on our new website:

mirriadplc.com

We deliver

WORLD-CLASS TECHNOLOGY

Our offer allows advertisers to reach viewers when they're emotionally engaged by embedding brand messaging in relevant premium content. It's a new, easy-to-plan ad solution for reaching large target audiences, and one that cannot be skipped or blocked.

1 *Standardised ad units*

Mirriad In-Video Advertising units are 10 seconds of quality exposure, sold and measured on an audience basis. Each unit meets industry standards for exposure, size and proportion, exposure clarity, duration, proximity to action, and prominence.

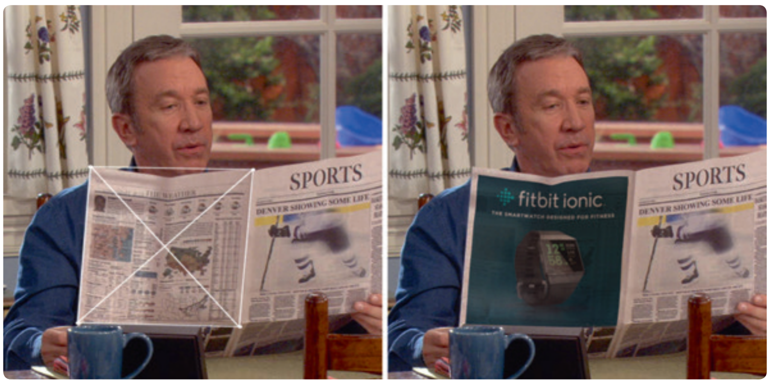
2 *Enterprise-class platform*

The Mirriad In-Video Platform is our secure enterprise-class platform that presents available ad inventory by audience, ad unit impressions, brand relevance, flight, frequency and budget. It provides a frictionless experience for planning, buying and executing large-scale campaigns across multiple shows and episodes.

3 *Genius technology*

Our Academy Award-winning team has merged advanced video technology, AI and an enterprise-class platform to deliver the magic that is Mirriad In-Video Advertising.

We use computer-vision algorithms to automatically track and analyse video, and our algorithms use machine-learning techniques to automatically suggest ad locations.



Learn more at mirriad.com

We deliver benefits for

DISTRIBUTORS

Our solution allows networks to generate new revenue from existing premium content without compromising audience enjoyment:

Grow revenue
Create new ad inventory from within existing premium content

Engage viewers
Deliver a better, uninterrupted experience which viewers demand

Reduce churn
Keep viewers engaged with premium content

Create inventory
Offers existing advertisers more, and new ones a fresh proposition

Drive innovation
Provide a low-overhead technology solution that's easy to deploy and manage

Improve performance
Offer premium in-video ad units that consistently deliver worldwide

Mirriad

We deliver benefits for

ADVERTISERS

Mirriad In-Video Advertising is a new solution for scalable ad campaigns that drive measurable value for brands:

Effective
Hit brand KPIs by connecting with audiences when engaged with their favourite shows

Scalable
Plan, buy, and execute large-scale campaigns with the same control as any other video ad

Efficient
Extend an advertising budget with year-round campaigns using existing collateral

Unskippable
As part of the show, ads can't be skipped or blocked on any screen

Targeted
Safely advertise in premium content perfectly relevant to an audience and a brand

Flexible
Execute stand alone or as part of an integrated campaign with minimal lead times

Chairman's statement

Roger Conant Faxon, Non-executive Chairman

Delivering a new advertising solution at

GLOBAL SCALE

is our purpose

I am delighted to present the first Annual Report and Accounts for Mirriad Advertising plc following the Company's successful admission to AIM on 19 December 2017.

Key events

As a result of the IPO, the Company raised net proceeds of £23.7 million. The fundraise has empowered the Company to expand the Group's activities in its five target markets – China, India, the US, Brazil and Germany – the world's largest and fastest growing advertising markets.

The funds raised in the IPO allow the Group to enter 2018 well capitalised, with a strong balance sheet enabling the Group to credibly demonstrate longevity to its customers, who are principally large digital distributors and broadcasters. The Group has made significant progress over the last few months since the IPO in rolling out its platform and technology with these customers which we believe will pave the way for revenue growth later in 2018 and beyond.

In the last quarter of 2017 the Group delivered its single biggest campaign. On behalf of Tangeche, a major China-based car leasing firm, Mirriad embedded brand images and messages in over 200 episodes of video content over a five month period. This campaign both from its size and effectiveness is a clear example of the efficacy of Mirriad's audience based model.

The momentum has continued into the new year with the signing of two landmark contracts with Univision and NBCU in the North American market and renewing an important contract with Youku/Alibaba in the Chinese market. While the Group's contracts do not guarantee an immediate flow of revenue they are critical markers of future success.

Our people

People are our greatest asset and sit at the core of Mirriad. Our team of experts and specialists have developed all of our intellectual property, our business processes and know-how that form the basis for our unique proposition. Our proprietary technology gives us a competitive advantage in the advertising industry. As a consequence the majority of the Group's expenditure is on staff and staff related costs. During the year the average number of employees increased from 74 to 91 as we continued to expand the Group's technology group and started to build out our marketing and product teams.

We now have staff in place to serve our partners in China (Shanghai), Brazil (São Paulo), India (Mumbai), the United States (New York) and Europe (London). To build efficiency each of these offices is linked to provide support to each other guided by the centre in London.

I would like to express the gratitude of the Board to all our staff, both longer serving and more recently joined, who have contributed to the development of the business. I have been impressed with their dedication and hard work while we have been putting in place the conditions for future growth. The demands on the team are unlikely to lessen as we target growth in our key markets. Retention and recruitment will be key to the Group's future success. The Board is confident that the Company will be able to recruit the staff that will be needed to meet future challenges.

Focus

The Group is putting the foundations in place now to enable meaningful revenue growth in the future. This requires relentless focus and a need to remain on strategy. Developing large enterprise clients takes time and patience and requires the Group to remain flexible in how it serves their needs while continuing to assure the effectiveness of our business model.

The Board is confident that the Group can scale revenues by ensuring that its key customers are provided with the transactional tools and training needed to facilitate in-video advertising. This is why the Group has spent considerable time and resource in developing a transactional tool which we call Marketplace. With relatively low levels of capital expenditure, the development of Marketplace and the potential to demonstrate the impact of in-video advertising to broadcasters and digital distributors, we are confident in the Group's ability to drive significant growth in the coming year and beyond.

The Company's first public AGM will be held on 13 June 2018.

Roger Conant Faxon
Non-executive Chairman
9 May 2018

Mark Sabin Tadeusz Popkiewicz, Chief Executive Officer

We have demonstrated the

TREMENDOUS MARKETING POWER

of in-video advertising

2017 was an important year for technology development.

Progress in 2017: focus and maturing technology

Mirriad's strategy has centred on three key areas: the development of core technologies; the development of an organisation capable of supporting large enterprise-class customers; and the deployment of the trading platform and associated in-video ad unit deemed essential to connect clients' advertising budgets to the inventory we create and allow our business to scale.

We have maintained our tight focus on the world's largest and fastest growing advertising markets with high levels of video consumption. On that basis we have rebalanced our customer portfolio in favour of larger, more dominant players in each respective market including Alibaba/Youku, NBCU, RTL Group, Globosat and others. We expect this focus to yield results in terms of revenues from the second half of 2018 and beyond as we deploy our platform and service model. We anticipate the number of customers under contract to show a small increase by the end of 2018 as current contractual negotiations complete.

The value chain for in-video advertising involves three parties: content producers, distributors (digital or broadcast) and advertisers/media agencies. Mirriad's platform provides a marketplace for activity.

The Group's business is principally based on contracting with distributors, the primary sellers of the in-video advertising inventory, and taking a share of revenue from resulting in-video advertising transactions.

Mirriad's revenue share generally averages approximately 20%.

Our technologies are designed to make a complex problem simple: Mirriad receives video content; analyses it for advertising inventory; makes it available to our customers to sell; and ultimately fulfils the campaigns they have sold to media agencies and brands. As our technology has developed we have increasingly focused resources on the last steps in this process.

2017 was an important year for technology developments as we solidified our capabilities for creating or predicting advertising inventory from premium entertainment content and naturally inserting realistic branded imagery into video at scale. Development work continued around the Marketplace platform, which will enable key stakeholders such as content owners, distributors and advertisers to transact. We also laid foundations for the

Chief Executive's statement *continued*

Progress in 2017: focus and maturing technology *continued*

launch of an industry credible In-Video advertising unit capable of supporting media trading at scale; a third party certified, verifiable, consistent currency in the form of an In-Video advertising unit is essential to market liquidity.

The Company has been actively protecting its IP and currently holds 11 granted patents, with more in process over 2017.

Industry trends

There continues to be significant publicity around the verification and value of advertising media with recent comments from both Marc Pritchard and Keith Weed, respectively Chief Marketing Officers of Proctor & Gamble and Unilever, the world's largest two advertisers by spend.

In 2017 Marc Pritchard said that:

"We bombard consumers with thousands of ads a day, subject them to endless ad load times, interrupt their screens with pop-ups and overpopulate their screens and feeds… We're awfully busy, but all of this activity is not breaking through the clutter. It's just creating more noise."

While Keith Weed said at the IAB Annual Leadership Meeting in 2018 that:

"[Consumers] don't care about good value for advertisers. But they do care when they see their brands being placed next to ads funding terror, or exploiting children."

Mirriad Ad Units are designed to address these issues and more: bringing a new ad unit format to market requires a new metric that is transparent, verifiable and validated by some of the most respected industry measurement companies.

We have very recently announced the results of work we have been undertaking for over two years concerning the standardisation of the Mirriad advertising unit with comScore in the USA and Miaozhen Systems in China. This work is critical in enabling Mirriad In-Video Advertising to become a trading currency alongside other advertising products. The work in these two pivotal markets should drive more transactional liquidity between media owners and advertisers.

In 2017 Mirriad solved the challenge of consistent delivery of the ad units by finalising the development of an automated measurement and gating technology called the Visual Impact Score ("VIS"), now integrated into the Marketplace platform. VIS solves a formidable problem by ensuring each instance of ad exposure meets thresholds known to drive effectiveness such as exposure size and proportion, clarity, proximity to action and prominence.

Early in 2018 Mirriad commissioned independent research from global measurement company comScore, which analysed a large, statistically valid random sample of the new Mirriad ad units. The audit verified Mirriad's VIS score, with 98.5% of the tested ad units passing the independent audit. Full study results are available in a whitepaper on the Mirriad website (www.mirriad.com).

So advertisers can now have independently verifiable certainty around the quality of each billable ad – essential in today's highly scrutinized world of value for money and data transparency, especially in the two largest advertising markets in the world. Mirriad will continue working with multiple independent vendors of advertising measurement in securing further validation of the In-Video advertising unit construct and its effectiveness.

Marketing effectiveness

We ran the Group's largest campaign at the end of 2017 and into the beginning of 2018. Mirriad partnered with Youku/Alibaba to create an in-video ad campaign for a leading Chinese car leasing company, Tangeche. The campaign embedded Tangeche's brand messages as ad units across more than 20 different shows over five months. This large-scale campaign successfully reached the target audience and hit Tangeche's awareness and consideration goals.

We are delighted that the campaign results, independently researched by Miaozhen Systems, exceeded even our high expectations.

The campaign delivered nearly 800 million impressions. At the end of the campaign almost 71% of the audience had seen the ads, 72% of viewers thought that the inclusion of the brand in the shows made the scenes look more realistic and 94% of the target audience said they would take follow-up action, with their intention to use the brand three times higher than before the campaign.

We believe that the Tangeche campaign is an excellent example demonstrating the marketing power of In-Video advertising when delivered at scale.

The future

The path to success for Mirriad requires the Group to complete a number of steps.

In 2017 and into the first half of 2018 we have concentrated on the first of those steps: deploying our Marketplace platform and services as well as establishing the In-Video advertising unit through independent third party verification. This requires the organisation to onboard customer sales organisations at some of the world's largest media companies and takes considerable time and effort. It also requires integration with third party systems either at the customer, for core services, or externally for third party verification and tracking of ad unit delivery. Both integration and onboarding are complex and time consuming but worthwhile initiatives, each requiring agreement with and co-ordinated rollout with our customer organisations, their clients and other third parties.

Once the supply side of the model is operational our next step is to leverage demand for in-video advertising by driving demand-side awareness of the product and its benefits to advertisers and clients. We do this through delivery of advertising effectiveness research, executed locally and culminating in case studies on behalf of different brand categories. When demand is generated Mirriad has the technology and processes in place to fulfil transactions using Marketplace.

The final step is to achieve scale in our target markets. Ultimately, we believe we can drive scale in the business by establishing Mirriad In-Video Advertising as a media buying plan line item. It is also worth emphasising that Mirriad has planned capabilities to support programmatic buying and can provide personalisation depending on our distribution partners' infrastructure.

Mark Sabin Tadeusz Popkiewicz
Chief Executive Officer
9 May 2018

A CLEAR STRATEGY FOR GROWTH

1 Drive awareness and demand in our target markets

We operate in the largest and/or fastest growing advertising markets in the world, namely the USA, China, Brazil, India and Germany

What we did in 2017
Ran our largest campaign to date in China and signed landmark deal with Univision in the USA

Our plans for 2018
Focus on demand creation in these markets and create research and case studies demonstrating the efficacy of in-video advertising

2 Develop our technology suite

Our technology is capable of transforming content into advertising inventory with supporting data

What we did in 2017
Continued to develop our machine learning algorithms and moved to technical completion of our transactional platform, Marketplace

Our plans for 2018
Complete initial rollout of the Marketplace platform with key customers in each of the target markets to support transactional liquidity

3 Provide advertisers and brands with a safe form of advertising

Our advertising offers high levels of viewability, is verifiable and demonstrates value in terms of ROI for advertisers

What we did in 2017
Worked with a third party agency on our largest campaign in China to verify the campaign and measure ROI

Our plans for 2018
Establish our standard advertising unit as a trading currency in our key markets, verified by independent third parties

4 Add value to content owners

We create a new revenue stream for the content industry

What we did in 2017
Continued to demonstrate the editorial sensitivity with which we add imagery to content producers

Our plans for 2018
Add headcount in the USA and China to deal directly with content producers to encourage them to clear digital insertion rights for distributors

5 Explore existing and new value chains

We continue to explore value chains where advertising inventory is bought and sold

What we did in 2017
Delivered the Company's first significant audience-based campaign in China

Our plans for 2018
Continue to develop the audience-based model in all of the Group's key markets and continue to explore how the Group can develop programmatic models

6 Focus on international markets over the long term

We want to maintain low exposure to the UK macroeconomy

What we did in 2017
Ran the Group's first campaigns in Brazil and signed a major deal in the USA

Our plans for 2018
Continue development of the Group's five key markets – all outside the UK

Financial review

David Dorans, Chief Financial Officer

The IPO enables us to drive

FUTURE GROWTH

with key clients around the world

Introduction

2017 was an important year for the Company with the admission of Mirriad to AIM, which raised a net £23.7 million to fund future expansion. In 2017 the Group focused on securing contracts with key customers in its target markets and continued the development of its core technology and transactional platform. The Group has focused its resources on fewer larger customers. The Group now has a base of customers which provides a platform for future growth, though the Directors caution that sales cycles are long and signature of customer contracts, while an important KPI, does not immediately lead to future revenue.

Current year results

Revenue for the year increased to £874,191 (2016: £710,866) as the Group commercialised its offering in its target markets with a focus on its Asian business. Revenue has grown consistently between 2015 and 2017. Gross margin increased to £693,604 (2016: £559,280). The Group's principal cost is staff and its administrative expenses increased to £12,067,393 (2016: £7,994,910) as the Group continued to expand staff in its local offices and invest in its technology team. The income statement includes £1,179,148 (2016: £733,897) related to research and development (R&D) activity. The loss for the year before tax increased to £11,271,298 (2016: £7,294,104) as a result of this expansion in headcount.

Tax

The Group has not recognised any tax assets in respect of trading losses arising in the current financial year or accumulated losses in previous financial years. The tax credit recognised in the current and previous financial years arises from the receipt of R&D tax credits.

Earnings per share

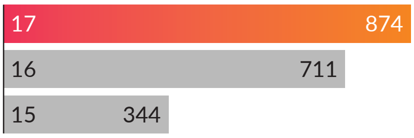
Earnings per share was a loss of 19p per share (2016: loss of 18p per share) as a result of increased staff costs over the period. This is based on the weighted average number of shares in issue during the financial year.

09 We measure our progress against key performance indicators

Our key performance indicators

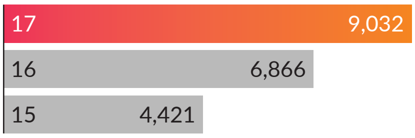
Revenue (£000)

£874k *+23%*



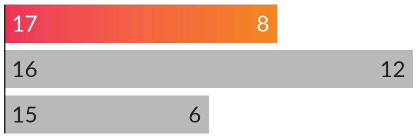
Cash consumption (£000)

£9,032k *+31%*



Customers under contract

8 *-33%*



Dividend

No dividend has been proposed for the year ended 31 December 2017 (2016: £nil).

Cash flow

Net cash used in operations was £7,524,445 (2016: £6,303,982) as headcount increased over the year. During the year £842,010 (2016: £520,607) of development costs were capitalised as required following the Group's adoption of International Financial Reporting Standards ("IFRS"). The Group also incurred £466,627 (2016: £41,312) of capital expenditure on tangible assets the majority of which, £346,367, related to the move to a permanent head office site in London. Net proceeds from the issue of shares in July and December 2017 totalled £25 million (2016: £11.4 million). Cash consumed by the business has increased every year since 2015 as the Group has increased headcount and opened subsidiaries in its target markets.

Balance sheet

As a result of the IPO, net assets increased to £27.9 million (2016: £12.2 million). Cash and cash equivalents at 31 December 2017 was £26.4 million (2016: £10.3 million). Some of the proceeds from the issue of shares have been placed on deposit for time periods ranging between instant access and up to one year in maturity.

Accounting policies

The Group's consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the EU. The Group's significant accounting policies, which have been applied consistently throughout the year, are set out on pages 29 to 34.

The overall impact of the conversion to reporting under International Financial Reporting Standards ("IFRS") was to decrease the loss for the year ended 31 December 2016 by £318,609, and by £112,514 for the period ended 31 December 2015. The main driver of this movement was the capitalisation of development costs. More information on the IFRS conversion can be found in note 25.

Going concern

After making enquiries and producing cash flow forecasts, the Directors have reasonable expectations, as at the date of approving the financial statements, that the Company and the Group will have adequate resources to fund the activities of the Company and the Group for at least 12 months from the date of the financial statements. Therefore, the financial statements have been prepared on a going concern basis.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are set out on pages 10 and 11.

Cautionary statement

The Strategic Report, comprising the Business and Financial Reviews, has been prepared for the shareholders of the Company, as a body, and no other persons. Its purpose is to assist shareholders of the Company to assess the strategies adopted by the Group and the potential for those strategies to succeed, and for no other purpose. The Strategic Report, containing the Business and Financial Reviews, contains forward-looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the sector and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in the Strategic Report, comprising the Business and Financial Reviews, will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation.

David Dorans
Chief Financial Officer
9 May 2018

Risks and uncertainties

MANAGING RISK

The risks and mitigations faced by the Company and the Group are considered to be the same and are not discussed separately.

Description	Mitigation	Change
Wide market adoption		
The Group believes the addressable market for its services is both very large and global because of the continuing pressure on traditional advertising models and that this, in turn, will drive adoption of the Group's services. However, the Group currently serves only a very small sample of this market.	The Group is targeting a limited number of territories and customers as it has limited resources. The Group believes that by focusing on the largest and fastest growing advertising markets and the largest customers within those markets it will best achieve its objectives.	→
Commercialisation of Marketplace product		
The Group is rolling out its Marketplace platform to key customers to enable transactional liquidity. Revenue expectations depend on the successful rollout of the Marketplace platform to these key customers. Failure to successfully roll out Marketplace could reduce or delay the Group's ability to generate revenue.	The Group is currently on target with these rollouts. The Board actively monitors the Group's progress and has put in place an incentive scheme to motivate staff to hit internal deadlines.	→
Competition		
The Group has not yet experienced meaningful competition. As far as the Group is aware no competitors can currently provide an equivalent service to the market but there are very large and well-resourced organisations who sell advertising products as part of their core business that will also see the market potential that the Group sees. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have an adverse effect on the Group's business.	The Group continues to monitor the market and remains in active dialogue with current and prospective customers to assess the level of competition. The Group believes that replication of its technology is complex, would take some time and would require access to high levels of content. This should allow the Group to adapt to emerging competition.	→
Commercial arrangements		
The Group has contracts with a number of customers. All the Group's revenue is derived from contracts which have no contractual obligation to maintain or renew any level of purchasing activity and there is no minimum purchasing commitment under the Group's agreements. There is no guarantee that the commercial arrangements with partners will proceed beyond the initial phases or the Group's partners will choose to implement the Group's service at any particular level or at all, since customers are freely able to reduce the level of services they procure from the Group.	The Group has developed case studies and conducts research to demonstrate the benefit of its product to distributors, content owners and advertisers. The Group believes these prove the business case for adapting and using the Group's technology. The Group works proactively with its customers to create demand in the market which can then be fulfilled using the Group's services.	→

Key

↑ Increase in risk → No change in risk ↓ Decrease in risk

Description	Mitigation	Change
Failure to renew contracts		
Typically the Group's contracts have 24-month durations and as they have been signed at different times the Group is generally in a state of contract renewal with one or more customers. Renewal rates may decline or fluctuate due to a number of factors including the customer's level of satisfaction with the Group's services.	The Group maintains an active dialogue with all of its contracted customers over the contractual term. The Group aims to demonstrate the business benefit of the Group's service and work co-operatively with its customers on demand creation activities so that clients renew or extend existing arrangements.	→
Adequate supply of inventory for commercialisation and to meet demand		
The Group requires a continual and growing supply of high quality entertainment content, which has been rights cleared for the insertion of digital images, from its customers. This content is used to generate the inventory which Mirriad's customers then sell on to media agencies and advertisers. Failure by its customers to secure a flow of rights-cleared content would damage the Group's ability to generate revenue.	The Group is investing in additional resource in two key markets (the USA and China) to assist its customers in securing a flow of cleared content. The Group actively engages with content owners to demonstrate that the Group's in-video advertising does not detract from the content originally created.	→
Dependence upon key intellectual property including patents and know-how		
The Group's success depends in part on its ability to protect its rights in its intellectual property. The Group's intellectual property also includes know-how related to the provision of in-video advertising and associated products and services. The Group relies on various intellectual property protections, including patents, copyright, trademarks, trade secrets and contractual provisions, to preserve its intellectual property rights. Any infringement of its rights might distract management attention and incur significant cost from the need to defend the Group's intellectual property.	The Group has been active in patenting its technology and continues to develop the key algorithms used to provide its service. As far as it is able the Group monitors the market to ensure that none of its key intellectual property is infringed. The Group continues to invest significant resource in its research and develop activities to ensure that its products remain technologically relevant.	→
Continued investment and product development		
The Group needs to continue to invest significant resources in catalysing the market and ensure adoption of its services. The Group will have to invest in research and development to enhance its existing services and introduce new products and services.	The Group is developing its product function so that investment is directed with maximum efficiency. It is also looking to create the ability for rapid adaptation of new products with a view to enhanced efficiency in spend.	→
Key personnel		
The Group depends on the services of its key technical and development, sales and marketing, and management personnel. The Group's success is highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. In the UK a proportion of staff are EU nationals without British citizenship and at this stage it is impossible to say what impact the UK's stated decision to leave the European Union will have on the Group's ability to attract and retain staff.	The Group continues to monitor its employee value proposition across the markets in which it operates in. The Group's Remuneration Committee actively considers all elements of employee packages including base salary and short-term and long-term incentive schemes. The aim of each of these elements is to attract, retain and motivate staff across the Group.	↑

Board of Directors

Roger Conant Faxon
Non-executive Chairman

A

Skills and experience
Roger joined the Board in June 2015. He is a former CEO of EMI Group and held prior operational and financial roles with the Group. He was EVP/COO for Lucasfilm and Senior EVP of Columbia Pictures.

External appointments
Roger currently leads A&R Investments, is a non-executive director of ITV plc, is a non-executive director of Pandora Media Inc and sits on the board of Johns Hopkins University.

Mark Sabin Tadeusz Popkiewicz
Chief Executive Officer

Skills and experience
Mark joined the Board in May 2015 and was the original founder of Mirriad. He was previously a director at BBC Ventures, Mobile Media and Eicon, where he was part of a five-man management team that executed the successful IPO of Eicon. Mark has led several technology businesses, held senior executive positions at Lucent Technologies and spent more than half his career working with US-based businesses setting up global operations including in Brazil, India and China.

David Dorans
Chief Financial Officer

Skills and experience
David joined the Board in November 2017 having joined the Group in November 2015. He was previously chief financial officer of Mindshare UK (part of WPP), chief financial officer of YouView, head of distribution and broadcast technology at Channel 4, general manager of UKTV and project manager at BBC Worldwide. David is a formally qualified accountant and was a senior associate at PwC Consultants.

Dr Mark Alexander Reilly
Non-executive Director

A R

Skills and experience
Mark joined the Board in November 2017. Prior to joining the Board in a personal capacity, Mark was the representative of IP2IPO Services Limited, which was a corporate director of the Company from 20 May 2015 until admission.

External appointments
Mark is head of the technology division of IP Group plc, one of the UK's leading intellectual property commercialisation specialists and an investor in Mirriad. He has led investments in, and played a key role in the growth of, numerous innovative high-tech companies. Mark sits on the board and audit committee of Actual Experience plc.

Alastair Hugh Lowell Kilgour
Non-executive Director

R

Skills and experience
Alastair joined the Board in November 2017. Prior to joining the Board in a personal capacity, Alastair was the representative of Parkwalk Advisors Limited, which was a corporate director of the Company from 20 May 2015 until admission. Before co-founding Parkwalk Advisors in 2009, Alastair was a partner of Lazard LLP, a director of BNP and a founder partner of Ark Securities.

External appointments
Alastair is the chief investment officer at Parkwalk and sits on the board of Parkwalk. He is a director of PredictImmune Ltd, Congenica Ltd, Phoremost Ltd, Albert Innovations Ltd and Victoria Innovations Ltd.

Anthony John Pearson
Non-executive Director

R

Skills and experience
John joined the Board in October 2017. He is a former CEO of Virgin Radio and Virgin Radio International, director of Ginger Media, chairman of Shazam Entertainment and co-founder of World Architecture News.

External appointments
John is currently chairman of FairFX plc and Imagen Video Asset Management Ltd, Vestdeck Ltd and Bought By Many Limited.

Key
- A Audit Committee member
- R Remuneration Committee member
- Committee Chair

Corporate governance report

Statement by the Directors on compliance with the Code of Best Practice

As an AIM-quoted company, Mirriad Advertising plc is not required to comply with the provisions of the UK Corporate Governance Code (the "Code") that applies to companies with a premium London Stock Exchange listing. However, the Directors recognise the value and importance of high standards of corporate governance and, given the Company's size and the constitution of the Board, comply with the principal provisions of the UK Corporate Governance Code to the extent the Directors consider appropriate in light of the Group's size, stage of development and resources. The Company also intends to follow the recommendations set out in the QCA Code.

The Board

The Group is controlled through a Board of Directors, which at 31 December 2017 comprised two Executive Directors, a Non-executive Chairman and three other Non-executive Directors, of whom two are considered independent.

The Chairman is Roger Faxon and the Chief Executive Officer is Mark Popkiewicz. Both the Chairman and John Pearson, a Non-executive Director, are considered to be independent. Dr Mark Reilly and Alastair Kilgour joined the Board in a personal capacity at the time of the IPO having previously been the nominated representatives of the corporate directors IP Group plc and Parkwalk Advisors.

The overriding responsibility of the Board is to provide clear, entrepreneurial and responsible leadership to the Group within a framework of efficient and effective controls so as to allow for the key issues and risks facing the business to be assessed and managed. The Board operates both formally, through Board and Committee meetings, and informally, through regular contact between the Directors and senior executives. There is a schedule of matters that are specifically referred to the Board for its decision, including approval of interim and annual financial results, setting and monitoring of strategy and examining business expansion possibilities. The Board is supplied with information in a timely manner, in a form and quality appropriate to enable it to discharge its duties. The Directors can obtain independent professional advice at the Group's expense in the performance of their duties as Directors.

The Board normally meets on a monthly basis and aims to meet a minimum of 10 times per year for formal Board meetings and also arranges ad hoc meetings to consider strategic issues and approve key operational decisions as required.

The Executive Directors are responsible for carrying out decisions reached by the Board and, where appropriate, communicating the decisions of the Board and any necessary actions to be taken back to the employees of the Company through the appropriate line management channels.

Board Committees

The Board Committees comprise the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee was established at the IPO and has two Non-executive Director members: Dr Mark Reilly (Chairman) and Roger Faxon. The Group's external auditors, along with the Chief Financial Officer, are invited to attend the Audit Committee meetings.

The Audit Committee has responsibility for, among other things, the monitoring of the financial integrity of the financial statements of the Group and the involvement of the Group's auditors in that process. It focuses on compliance with accounting policies and ensuring that an effective system of audit and financial control is maintained, including considering the scope of the annual audit and the extent of the non-audit work undertaken by the external auditors, and advising on the appointment of the external auditors. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports remains with the Board.

The Audit Committee meets at appropriate times in the financial reporting and audit cycle, and at least twice a year. The terms of reference of the Audit Committee cover issues such as membership and the frequency of meetings, together with requirements of any quorum for, and the right to attend, meetings. The responsibilities of the Audit Committee include the following: external audit, financial reporting, internal controls and risk management. The terms of reference also set out the authority of the Committee to carry out its responsibilities.

Any non-audit services that are to be provided by the external auditors are reviewed in order to safeguard auditor objectivity and independence. The external auditors have the opportunity during the Audit Committee meetings to meet privately with Committee members in the absence of executive management. In preparation for the IPO, the Board considered a review of risks facing the Group, together with management's assessment of the risks and mitigation steps. Since the IPO, the Audit Committee has been responsible for reviewing the Company's procedures for the identification, assessment, management and reporting of risks. The Company has a whistleblowing policy, in which staff may notify the CFO or confidentially the Chair of the Audit Committee of any concerns regarding suspected wrongdoing or dangers at work.

Remuneration Committee

The Remuneration Committee was reconstituted at the IPO and has three Non-executive Director members: the Chairman of the Remuneration Committee is John Pearson and Dr Mark Reilly and Alastair Kilgour are the other Non-executive members. In addition, the Company Chairman has a standing right to attend any Remuneration Committee meetings. The Committee meets periodically as required and is responsible for overseeing the policy regarding staff and executive remuneration and for approving the remuneration packages for the Group's Executive Directors. It is also responsible for reviewing incentive schemes for the Group as a whole.

Nomination Committee

Due to the size and state of development of the Company the Directors do not consider it necessary to set up a separate Nomination Committee. Appointments are considered by the Board as a whole.

Risk management and internal controls

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness; the role of management is to implement Board policies on risk management and control. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Group operates a series of controls to meet its needs. These controls include, but are not limited to, a clearly defined organisational structure, written policies, a comprehensive annual strategic planning and budgeting process and detailed monthly reporting. The Group prepares a quarterly rolling budget, which is approved by the Board as part of its normal responsibilities. The quarterly budgeting process facilitates the Board's understanding of the Group's overall position throughout the year. The Audit Committee receives reports from management and the external auditors concerning the system of internal control and any material control weaknesses. Any significant risk issues are referred to the Board for consideration. The Board has considered the need for an internal audit function, but has concluded that, at this stage in the Group's development, the internal control systems in place are appropriate for the size and complexity of the Group.

The Board has continued to review the system of internal controls since the IPO and has not identified, nor been informed of, any instances of control failings or significant weakness.

Shareholder communications

The CEO and the CFO regularly meet with institutional shareholders to foster a mutual understanding of objectives. The Chairman and the other Non-executive Directors are available to shareholders to discuss strategy and governance issues. The Directors encourage the participation of all shareholders, including private investors, at the Annual General Meeting. The Annual Report and Accounts is published on the Company's website, www.mirriad.com, and can be accessed by shareholders.

Whistleblowing policy

The Board has adopted a whistleblowing policy. The aim of the policy is to encourage all employees, regardless of seniority, to bring matters which cause them concern to the attention of the Chairman of the Audit Committee.

By order of the Board

Roger Conant Faxon
Non-executive Chairman
9 May 2018

Remuneration report

As an AIM-listed company, Mirriad Advertising plc is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The content of this report is unaudited unless stated.

Membership of the Remuneration Committee

The Company created a new Remuneration Committee at the time of IPO. From that date, the Remuneration Committee has comprised the three Non-executive Directors, John Pearson (Chairman of the Remuneration Committee), Dr Mark Reilly and Alastair Kilgour. The Company's terms of reference for its Remuneration Committee also allow the Chairman, Roger Faxon, to attend Committee meetings.

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to remuneration, terms of service, granting of share options and other equity incentives.

The Remuneration Committee also considers the overall remuneration policy of the Group and makes recommendations to the Board.

Remuneration policy

The Group's remuneration policy is designed to enable the Group to attract, retain and motivate its staff and Executive Directors, while ensuring that overall remuneration is consistent with the performance of the Group and retains a balance between remuneration and shareholder value.

Non-executive Directors

Remuneration of the Non-executive Directors is determined by the Executive Directors.

Non-executive Directors are not entitled to pensions, annual bonuses or employee benefits. They are entitled to participate in share option arrangements relating to the Company's shares and both the Chairman and Independent Non-executive have share option arrangements.

Each of the Non-executive Directors has a contract stating his annual fee and that his appointment is initially for a term of three years from the date of admission (subject to re-election at the Company's AGM).

Their appointment may be terminated with three months' written notice at any time.

The annual fee for the Chairman is £100,000. John Pearson's annual fee is £40,000 and the remaining Non-executive Directors' annual fees are £20,000 per annum from the date of admission (19 December 2017).

Directors' service contracts

Under the terms of the service agreements in place with Executive Directors, six months' written notice must be given by either party to terminate those service agreements. Under the terms of the service agreements in place with Non-executive Directors, three months' written notice must be given by either party to terminate that appointment.

Compensation for early termination for Executive Directors is generally limited to six months' base salary and benefits. Any entitlements under incentive plans would ordinarily lapse in accordance with the terms of the relevant plan, unless the Remuneration Committee exercises its discretion as provided under the incentive scheme rules.

Directors' remuneration

Normally, Executive Directors' remuneration consists of basic salary and annual performance related bonus. In the case of David Dorans, Chief Financial Officer, there is also a £10,000 performance related element included in his base salary.

Both of the Executive Directors have service agreements that can be terminated by either party giving at least six months' written notice.

At the time of IPO, the basic annual salaries payable to the Chief Executive Officer and Chief Financial Officer were £185,000 and £179,950 per annum respectively.

Salaries for all staff, including Executive Directors, are reviewed annually, effective 1 January. In January 2018 the Executive Directors' salaries were increased to £190,550 and £185,349 respectively.

Executive bonuses

The Company operates a performance related bonus scheme for all staff including Executive Directors. The Chief Financial Officer was awarded a bonus of £9,900 triggered by meeting certain performance criteria in the financial year ended 31 December 2016. This was paid in March 2017. Both Executive Directors were awarded discretionary bonuses related to the successful IPO, paid in March 2018. These amounted to £15,000 for the Chief Executive Officer and £12,500 for the Chief Financial Officer.

Pensions

The Company operates a defined contribution pension scheme open to all UK Executive Directors and employees.

Directors' interests

Details of the Directors' shareholdings are included in the Directors' Report on page 18.

Directors' share options

Aggregate emoluments disclosed below do not include any amounts for the value of options to acquire Ordinary Shares in the Company granted to or held by the Directors. In general, for options granted, one-third are exercisable on the first anniversary of the grant, a further third are exercisable on the second anniversary of the grant and the remainder are exercisable three years after the date of grant. All vested options expire ten years after the date of grant. Details of options for Directors who served during the year are as follows:

	Options at 31 December 2017	Vesting dates	Exercise price
Executive			
Mark Popkiewicz	**253,576**	20 August 2016/17/18	£0.30
	1,469,753	16 Dec 2017/18/19	£0.62
David Dorans	**–**		–
Non-executive			
Roger Faxon	**610,696**	Vested 19 Dec 2017	£0.30
	987,218	Vested 19 Dec 2017	£0.62
John Pearson	**225,000**	16 Oct 2018/19/20	£0.62
Dr Mark Reilly	**–**		–
Alastair Kilgour	**–**		–

Directors' remuneration

	Salary/fees £000	Bonus £000	Employer's pension £000	Other benefits £000	Share-based payment £000	Total 2017 £000	Total 2016 £000
Executive							
Mark Popkiewicz	**185**	**–**	**2**	**1**	**299**	**487**	269
David Dorans*	**180**	**10**	**5**	**–**	**325**	**520**	177
Non-executive							
Roger Faxon	**100**	**–**	**–**	**–**	**340**	**440**	141
John Pearson**	**10**	**–**	**–**	**–**	**7**	**17**	–
Dr Mark Reilly**	**1**	**–**	**–**	**–**	**–**	**1**	–
Alastair Kilgour**	**1**	**–**	**–**	**–**	**–**	**1**	–
	477	**10**	**7**	**1**	**971**	**1,466**	587

* For full financial year.

** From date of appointment.

During the year Mark Popkiewicz exercised 833,333 share options and David Dorans exercised 766,999 share options both under the EMI Scheme.

There are no long-term employment benefit or incentive schemes in place other than share options.

Directors' report

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2017.

Country of incorporation

Mirriad Advertising plc is incorporated in England and Wales with company registration number 09550311.

Review of business and future developments

The Chairman's Statement (page 4), the Chief Executive's Statement (pages 5 and 6) and the Financial Review (pages 8 and 9) report on the performance of the Group during the year ended 31 December 2017 and its prospects for the future.

Directors

The Directors of the Group during the year and up to the date of signing the financial statements were:

- Roger Faxon – appointed 1 June 2015
- Mark Popkiewicz – appointed 20 May 2015
- David Dorans – appointed 19 December 2017
- John Pearson – appointed 2 October 2017
- Dr Mark Reilly – appointed 19 December 2017
- Alastair Kilgour – appointed 19 December 2017

Significant shareholders

The Company is informed that, at 9 May 2018, individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of Ordinary Shares held	Percentage of issued Ordinary Share capital
IP Group plc	28,122,146	26.8%
Parkwalk Advisors Limited	18,175,023	17.3%
Soros Fund Management	4,838,710	4.6%
City Financial Investment Company Limited	4,032,258	3.8%
Progeny	3,699,036	3.5%
Jinhua Puhua Tianqin Equity Investment Fund Partnership	3,255,806	3.1%

Directors' shareholdings

The beneficial interests of the Directors in the share capital of the Company at 31 December 2017 and at 9 May 2018 were as follows:

	Number of Ordinary Shares held	Percentage of issued Ordinary Share capital
Executive Directors		
Mark Popkiewicz	430,310	0.4%
David Dorans	508,024	0.5%
Non-executive Directors		
Roger Faxon	5,745	0.0%
Alastair Kilgour	333,333	0.3%
Dr Mark Reilly	33,333	0.0%
John Pearson	—	—

Employees

The Group's executive management regularly delivers Company-wide "town hall" style briefings on the Group's strategy and performance. These briefings contain details of the Group's financial performance where appropriate. The Group remains committed to fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find alternative jobs for those who are unable to continue in their existing job due to disability. The Group takes a positive approach to equality and diversity. The Group promotes equality in the application of reward policies, employment and development opportunities, and aims to support employees in balancing work and personal lifestyles.

Financial instruments

Full details of the Group's risk management policies and its exposure to financial risk are set out in note 3 to the financial statements.

Post balance sheet events

On 24 April the Company announced the completion of an investment by Puhua Tianqin Equity Investment Fund Partnership ("Puhua"), a capital fund established in Jinhua in the People's Republic of China.

Puhua has subscribed for 3,225,806 new Ordinary Shares at a price of 62p per share, the same price funds were raised at in Mirriad's IPO on 19 December 2017. The investment raised gross proceeds of approximately £2 million for the Company.

Directors' indemnities and Directors' and officers' liability insurance

The Company's articles of association permit the Company to indemnify Directors of the Company in accordance with the Companies Act 2006. Directors' and officers' liability insurance is also in place.

Annual General Meeting

The Annual General Meeting of the Group is to be held on 13 June 2018. The notice of meeting appears on pages 60 to 64 of these financial statements.

Political and charitable donations

During the year ended 31 December 2017 the Group made political donations of £nil (2016: £nil) and charitable donations of £nil (2016: £nil).

Supplier payment policy and practice

The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with suppliers at the start of business and then makes payments in accordance with contractual and other legal obligations.

Independent Auditors

In accordance with section 489 of the Companies Act, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

David Dorans
Director
9 May 2018

Statement of Directors' responsibilities

In respect of the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS as adopted by the European Union have been followed for the Group financial statements and IFRS as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

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

Independent auditors' report

To the members of Mirriad Advertising plc

Report on the audit of the financial statements

Opinion

In our opinion, Mirriad Advertising plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2017 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements, which comprise: the consolidated and Company balance sheet as at 31 December 2017; the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the Company statement of changes in equity and the consolidated and Company statement of cash flows for the year ended 31 December 2017; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

Mirriad Advertising plc listed on the Alternative Investment Market as of 19 December 2017. This resulted in a number of changes being required to occur within the business including a change in GAAP from FRS 102 to IFRS as adopted by the European Union. The listing on the Alternative Investment Market provided Mirriad Advertising plc with the additional funding it required to continue onto its next stage of growth. The business has again expanded into overseas territories, with an entity established in Brazil during the year ended 31 December 2017.

Overview

- Overall the Group materiality: £553,000 (2016: £702,325), based on 5% of loss before tax.
- Overall the Company materiality: £448,000 (2016: £417,646), based on 5% of loss before tax.
- We identified two significant components within the Mirriad Advertising plc Group: Mirriad Advertising plc ("Company") and Mirriad Inc.
- The UK and US entities were selected as significant components based on their large contributions to the overall Group loss before tax.
- Both the UK and US entities were audited by the Group audit team and no assistance was required from any component auditors.
- During our scoping procedures China was considered to have a significant revenue balance and brought into scope. Only the revenue figure for China was selected and no other balance was brought into scope.
- The risk of fraud in revenue recognition (Group and parent).

Report on the audit of the financial statements *continued*

Our audit approach *continued*

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Fraud in revenue recognition • Fraud in revenue recognition is considered a key audit matter given the inherent nature of the business, as a recently listed technology company, with the primary objective to grow revenue and become profitable. • The majority of revenue is recognised once the native in-video advertising ("NIVA") service has been provided to the customer. The timing of when the service is delivered, and therefore when revenue is recognised, is not complex or judgemental. • The key risk is considered to be in relation to the existence of revenue – that a customer exists and the service has been provided.	• We have understood how management recognise and process revenue through performing a walkthrough of the revenue cycle; • We have obtained detailed revenue listings for the UK and China entities and agreed these to the general ledger; • We have tested a sample of revenue transactions to sales invoices and also to customer buy (purchase) orders and/or contracts and/or written communications; • We have tested a sample of the revenue transactions selected to subsequent customer cash receipts; and • We performed data analysis to identify potentially unusual journal entries impacting revenue and performed testing on those items. We found no material misstatements from our testing.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group's accounting process is structured around a central finance function based in the UK. The finance function has control and oversight of all overseas territories, even where the overseas territories have a small local finance function. There are six reporting units in the Group: Mirriad Advertising plc (which records the majority of Group activity), Mirriad Inc. (which records all of the activity in the US), Mirriad Advertising Private Limited (India), Mirriad (Singapore) Pte. Ltd, Mirriad Software Science and Technology (Shanghai) Co. Ltd and Mirriad Brasil Tecnologias Para Midia Ltda. These four overseas entities (India, Singapore, China and Brazil) are not within our scoping based on their small impact to our materiality benchmark of Group loss before tax.

For each reporting unit we determined whether we required an audit of its complete financial information ("full scope") or whether specified procedures addressing specific risk characteristics or particular financial statement line items would be sufficient.

It was assessed that Mirriad Advertising plc and Mirriad Inc. were the only reporting units that were required to be full scope, with the other four reporting units contributing less than 11% to loss before tax and 3% of Group total assets.

Other specified procedures were required for China as it contributed 50% of Group revenue. The revenue was scoped in as part of our audit procedures on top of the two full scope UK and US entities. No other balances in China were above the 15% threshold considered to be a significant balance to the Group audit.

Independent auditors' report *continued*

To the members of Mirriad Advertising plc

Report on the audit of the financial statements *continued*

Our audit approach *continued*

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£553,000 (2016: £702,325).	£448,000 (2016: £417,646).
How we determined it	5% of loss before tax.	5% of loss before tax.
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, loss before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	Based on the benchmarks used in the Annual Report, loss before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £448,000 and £207,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £22,000 (Group audit) (2016: £35,116) and £22,000 (Company audit) (2016: £20,882) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Report on the audit of the financial statements *continued*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, set out on page 19, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Gareth Murfitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
9 May 2018

Consolidated statement of profit or loss

For the year ended 31 December 2017

	Note	**Year ended 31 December 2017 £**	Year ended 31 December 2016 £
Revenue	5	**874,191**	710,866
Cost of sales		**(180,587)**	(151,586)
Gross profit		**693,604**	559,280
Administrative expenses	6	**(12,067,393)**	(7,994,910)
Other operating income	6	**101,715**	141,225
Operating loss		**(11,272,074)**	(7,294,405)
Finance income	8	**776**	301
Loss before income tax		**(11,271,298)**	(7,294,104)
Income tax credit	10	**208,849**	142,887
Loss for the period/year		**(11,062,449)**	(7,151,217)
Loss per Ordinary Share – basic	11	**(19p)**	(18p)

All activities are classified as continuing.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

Consolidated statement of comprehensive income

For the year ended 31 December 2017

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Loss for the financial period/year	**(11,062,449)**	(7,151,217)
Other comprehensive expense		
Items that may be reclassified to profit or loss:		
Currency translation differences	**(14,088)**	(133,270)
Total comprehensive expense for the period/year	**(11,076,537)**	(7,284,487)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 10.

Consolidated and Company balance sheet

At 31 December 2017

		Group			Company		
	Note	**As at 31 December 2017 £**	As at 31 December 2016 £	As at 31 December 2015 £	**As at 31 December 2017 £**	As at 31 December 2016 £	As at 31 December 2015 £
Assets							
Non-current assets							
Property, plant and equipment	12	**425,874**	49,017	140,744	**379,603**	27,197	49,572
Intangible assets	13	**1,640,690**	1,621,500	1,736,403	**1,640,690**	1,621,500	1,736,403
Investments	9	**—**	—	—	**213,748**	11,796	—
Trade and other receivables	14	**212,960**	28,634	—	**162,960**	—	—
		2,279,524	1,699,151	1,877,147	**2,397,001**	1,660,493	1,785,975
Current assets							
Trade and other receivables	14	**1,074,274**	716,734	592,953	**526,610**	383,786	468,138
Tax receivable		**208,840**	184,241	41,354	**208,840**	184,241	41,354
Cash and cash equivalents		**26,383,690**	10,347,394	5,824,952	**25,875,205**	10,180,877	5,651,351
		27,666,804	11,248,369	6,459,259	**26,610,655**	10,748,904	6,160,843
Total assets		**29,946,328**	12,947,520	8,336,406	**29,007,656**	12,409,397	7,946,818
Current liabilities							
Trade and other payables	15	**2,054,603**	775,744	572,043	**1,726,942**	634,912	421,940
Total liabilities		**2,054,603**	775,744	572,043	**1,726,942**	634,912	421,940
Net assets		**27,891,725**	12,171,776	7,764,363	**27,280,714**	11,774,485	7,524,878
Equity and liabilities							
Equity attributable to owners of the parent							
Share capital	17	**50,917**	556	363	**50,917**	556	363
Share premium	17	**23,717,390**	22,401,586	10,901,926	**23,717,390**	22,401,586	10,901,926
Share-based payment reserve	18	**1,964,835**	289,564	97,517	**1,964,835**	289,564	97,517
Retranslation reserve	19	**(190,485)**	(176,397)	(43,127)	**—**	—	—
Retained earnings/ (accumulated losses)		**2,349,068**	(10,343,533)	(3,192,316)	**1,547,572**	(10,917,221)	(3,474,928)
Total equity		**27,891,725**	12,171,776	7,764,363	**27,280,714**	11,774,485	7,524,878

The financial statements on pages 24 to 59 were approved the Board of Directors on 8 May 2018 and signed on its behalf by:

Mark Sabin Tadeusz Popkiewicz
Chief Executive Officer

Mirriad Advertising plc

Company number: 09550311

Consolidated statement of changes in equity

For the year ended 31 December 2017

	Note	Share capital £	Share premium £	Share-based payment reserve £	Retranslation reserve £	Accumulated losses £	Total equity £
		Year ended 31 December 2016					
Balance at 1 January 2016		363	10,901,926	97,517	(43,127)	(3,192,316)	7,764,363
Loss for the financial year		—	—	—	—	(7,151,217)	(7,151,217)
Other comprehensive loss for the year	19	—	—	—	(133,270)	—	(133,270)
Total comprehensive loss for the year		—	—	—	(133,270)	(7,151,217)	(7,284,487)
Shares issued in lieu of consideration	17	2	111,735	—	—	—	111,737
Proceeds from shares issued	17	191	11,387,925	—	—	—	11,388,116
Share-based payments recognised as expense	20	—	—	192,047	—	—	192,047
Total transactions with shareholders recognised directly in equity		193	11,499,660	192,047	—	—	11,691,900
Balance at 31 December 2016		556	22,401,586	289,564	(176,397)	(10,343,533)	12,171,776

	Note	Share capital £	Share premium £	Share-based payment reserve £	Retranslation reserve £	(Accumulated losses)/retained earnings £	Total equity £
		Year ended 31 December 2017					
Balance at 1 January 2017		556	22,401,586	289,564	(176,397)	(10,343,533)	12,171,776
Loss for the financial year		—	—	—	—	(11,062,449)	(11,062,449)
Other comprehensive loss for the year	19	—	—	—	(14,088)	—	(14,088)
Total comprehensive loss for the year		—	—	—	(14,088)	(11,062,449)	(11,076,537)
Shares issued in lieu of consideration	17	1	52,543	—	—	—	52,544
Proceeds from shares issued	17	462	27,541,844	—	—	—	27,542,306
Share issue costs	17	—	(2,473,635)	—	—	—	(2,473,635)
Issue of deferred shares	17	49,898	(49,898)	—	—	—	—
Capital restructuring	17	—	(23,755,050)	—	—	23,755,050	—
Share-based payments recognised as expense	20	—	—	1,675,271	—	—	1,675,271
Total transactions with shareholders recognised directly in equity		50,361	1,315,804	1,675,271	—	23,755,050	26,796,486
Balance at 31 December 2017		**50,917**	**23,717,390**	**1,964,835**	**(190,485)**	**2,349,068**	**27,891,725**

Company statement of changes in equity

For the year ended 31 December 2017

		Year ended 31 December 2016				
	Note	Share capital £	Share premium £	Share-based payment reserve £	Accumulated losses £	Total equity £
Balance at 1 January 2016		363	10,901,926	97,517	(3,474,928)	7,524,878
Loss for the financial year		—	—	—	(7,442,293)	(7,442,293)
Total comprehensive loss for the year		—	—	—	(7,442,293)	(7,442,293)
Shares issued in lieu of consideration	17	2	111,735	—	—	111,737
Proceeds from shares issued	17	191	11,387,925	—	—	11,388,116
Share-based payments recognised as expense	20	—	—	192,047	—	192,047
Total transactions with shareholders recognised directly in equity		193	11,499,660	192,047	—	11,691,900
Balance at 31 December 2016		556	22,401,586	289,564	(10,917,221)	11,774,485

		Year ended 31 December 2017				
	Note	Share capital £	Share premium £	Share-based payment reserve £	(Accumulated losses)/retained earnings £	Total equity £
Balance at 1 January 2017		556	22,401,586	289,564	(10,917,221)	11,774,485
Loss for the financial year		—	—	—	(11,290,257)	(11,290,257)
Total comprehensive loss for the year		—	—	—	(11,290,257)	(11,290,257)
Shares issued in lieu of consideration	17	1	52,543	—	—	52,544
Proceeds from shares issued	17	462	27,541,844	—	—	27,542,306
Share issue costs	17	—	(2,473,635)	—	—	(2,473,635)
Issue of deferred shares	17	49,898	(49,898)	—	—	—
Capital restructuring	17	—	(23,755,050)	—	23,755,050	—
Share-based payments recognised as expense	20	—	—	1,675,271	—	1,675,271
Total transactions with shareholders recognised directly in equity		50,361	1,315,804	1,675,271	23,755,050	26,796,486
Balance at 31 December 2017		**50,917**	**23,717,390**	**1,964,835**	**1,547,572**	**27,280,714**

Consolidated and Company statement of cash flows

For the year ended 31 December 2017

	Note	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Net cash from operating activities	21	**(7,709,471)**	(6,304,283)	**(8,110,560)**	(6,310,779)
Tax credit received		**184,250**	–	**184,250**	–
Interest received		**776**	301	**54**	–
Net cash used in operating activities		**(7,524,445)**	(6,303,982)	**(7,926,256)**	(6,310,779)
Cash flow from investing activities					
Investment in subsidiaries		**(201,953)**	–	**(201,953)**	–
Capitalisation of development costs		**(842,010)**	(520,607)	**(842,010)**	(520,607)
Purchase of tangible assets	12	**(466,627)**	(41,312)	**(405,565)**	(27,204)
Proceeds from disposal of tangible assets		**2,660**	227	**1,441**	–
Net cash used in investing activities		**(1,507,930)**	(561,692)	**(1,448,087)**	(547,811)
Cash flow from financing activities					
Proceeds from issue of Ordinary Share capital (net of costs of issue)	17	**25,068,671**	11,388,116	**25,068,671**	11,388,116
Net cash generated from financing activities		**25,068,671**	11,388,116	**25,068,671**	11,388,116
Net increase in cash and cash equivalents		**16,036,296**	4,522,442	**15,694,328**	4,529,526
Cash and cash equivalents at the beginning of the year		**10,347,394**	5,824,952	**10,180,877**	5,651,351
Cash and cash equivalents at the end of the year		**26,383,690**	10,347,394	**25,875,205**	10,180,877
Cash and cash equivalents consists of					
Cash at bank and in hand		**26,383,690**	10,347,394	**25,875,205**	10,180,877
Cash and cash equivalents		**26,383,690**	10,347,394	**25,875,205**	10,180,877

Notes to the consolidated financial statements

For the year ended 31 December 2017

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

1.1 Basis of preparation

The financial statements of Mirriad Advertising plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

1.1.1 Going concern

These financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of these financial statements. For these reasons they continue to adopt the going concern basis in preparing the Group's financial statements.

The cash flow projections are the sole responsibility of the Directors based upon their present plans, expectations and intentions. In this context, the Directors have prepared and considered cash flow projections for the Group for a period extending one year from the date of approval of these financial statements. Based on these cash flows the Directors are satisfied that the Group is able to meet its liabilities as and when they fall due for the foreseeable future and for a minimum period of 12 months from the date of these financial statements.

1.1.2 Conversion to IFRS

These financial statements, for the year ended 31 December 2017, are the first the Group has prepared in accordance with IFRS.

This note explains the principal adjustments made by the Group in restating its previously published FRS 102 financial statements as at and for the year ended 31 December 2016 and period ended 31 December 2015.

The main changes under IFRS are noted below and the impact on the income statement and balance sheet can be seen in note 25.

IAS 20 "Accounting for grants" has been applied to government grant income received in 2016 and 2015. Previously grant income was recognised when quarterly grant claims were actually submitted and the claim amount known, but this has been amended to recognise the grant income on an accruals basis over the period the grant costs were incurred.

IAS 38 "Intangible assets" has been implemented, which has led to capitalisation of staff costs related to development of computer software used by the business. Previously all such costs had been expensed through the income statement.

2. Accounting policies

2.1 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations

The following standards, amendments or interpretations, effective for the financial year beginning on or after 1 January 2017, have had no material impact on the Group or parent company:

- Amendments to IFRS 12: Annual improvements to IFRS 2014–2016 cycle – none of the Group interests are classified as held for sale, held for distribution to owners or as discontinued operations in accordance with IFRS 5.
- Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses – There are no unrealised losses on debt instruments and no carrying deferred tax asset.
- Amendments to IAS 17: Disclosure initiative – there are no significant changes in liabilities arising from financing activities which need disclosing in the statement of cash flows.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing this historical financial information. None of these are expected to have a significant effect on the financial statements of the Group or parent company, as set out below:

- IFRS 15 "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of historical financial information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted, subject to EU endorsement.

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

2. Accounting policies *continued*

2.1 Changes in accounting policy and disclosures *continued*

(b) New standards, amendments and interpretations not yet adopted *continued*

The impact of IFRS 15 has been reviewed by management against the criteria of the new standard for the four largest main client agreements generating 88% of revenue in 2017, and the Company believes that there are no major differences between contracts from a revenue recognition viewpoint. As a result of this exercise no changes are expected to be required to revenue recognised to date. Most of the Group's client contracts do not specify revenue values but provide a framework within which individual work to produce campaigns and revenues are agreed and executed. The revenue on such campaigns is currently recognised on a monthly basis depending on campaign progress and ad units delivered to the client, as a proportion of the total campaign goals or agreed fee. This matches the process of the "assets" generated from the campaigns being transferred to the client, for which the Group is entitled to revenue as the "assets" are produced. Where a fixed or minimum revenue value is specified in the contract, this is recognised over the duration of the agreement in line with the agreed performance criteria where these have been specified.

- IFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of historical financial information about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the balance sheet for lessees. The standard replaces IAS 17 "Leases" and related interpretations. The standard is effective for annual periods beginning on or after 2019 and earlier adoption is permitted, subject to EU endorsement and the entity adoption of IFRS 15 "Revenue from contracts with customers" at the same time. The full impact of IFRS 16 has not yet been assessed, but the Group expects this to increase assets and lease liabilities.
- IFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different from that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted, subject to EU endorsement.

  IFRS 9 requirements have been assessed by management and deemed to have no material impact on the Group. There are no complex financial instruments, derivatives or hedges in place, and the only items held by the Group covered by IFRS 9 are cash balances, trade related receivables and payables and accruals. Such items are recognised at their transaction value. Although there are differences in the basis of debtors provisioning this is not expected to have a material impact.

2.2 Business combinations

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

2.3 Consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 December 2017, and the prior year to 31 December 2016. As these are the first financial statements for the Group under IFRS a balance sheet for the period ended 31 December 2015 has also been reported, as per the requirements of IFRS 1.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

2. Accounting policies *continued*

2.3 Consolidation *continued*

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Pound Sterling, which is the functional and presentational currency of the Company and the presentation currency of the Group.

(ii) Transactions and balances

Transactions in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is included as an exchange gain or loss in the profit and loss account.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within "Finance income or finance costs". All other foreign exchange gains and losses are presented in the profit and loss account within "Administrative expenses".

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided, stated net of discounts, returns and value added taxes. Revenue represents the value (excluding value added tax) of fees for the services provided. All Group revenue comes from the primary business activity of providing native in-video advertising ("NIVA") services to broadcasters, advertisers, brand owners and their agencies. This involves the insertion by the Group of a product, signage or video into existing content. Revenue is recognised when the services have been delivered and provided to customers in accordance with contractual terms and conditions and there are no further obligations attached.

Most of the Group's client contracts do not specify revenue values but provide a framework, and normally a share of customer revenue, within which individual work to produce campaigns and revenues are agreed and executed. The exact revenue for each campaign is set out in the relevant insertion (purchase) order which shows the agreed number of advertising units or insertions to be delivered.

The revenue on such campaigns is currently recognised on a monthly basis depending on campaign progress and ad units delivered to the client, as a proportion of the total campaign goals or agreed fee. This matches the process of the "assets" generated from the campaigns being transferred to the client, for which the Group is entitled to revenue as the "assets" are produced.

Where a fixed or minimum revenue value is specified in the contract, this is recognised over the duration of the agreement in line with the agreed performance criteria where these have been specified.

2.6 Cost of sales

Cost of sales comprises costs directly related to the ad delivery team in India, which performs the integration work of the creative imagery (our embed) into the original content and quality control of the end result. All other staff costs are included in administrative costs below gross profit.

2.7 Other operating income

Other operating income relates to income received from government grants.

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

2. Accounting policies *continued*

2.8 Government grants

Grant income represents amounts received from the government to assist with the funding of research and development activities carried out by the Group. Government grant income is recognised at fair value in the profit and loss account at the point that there is reasonable assurance that the Group has complied with the conditions attaching to them and the grants will be received. Government grants are recognised in the income statement on a systematic basis over the periods in which the related costs towards which they are intended to compensate are recognised as expenses. Where grant related costs relate to staff expenses which are being capitalised as development costs the related grant income is not recognised in the income statement but is instead deducted in arriving at the intangible asset being recognised.

2.9 Interest income

Interest income is recognised using the effective interest rate method.

2.10 Current and deferred tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable or receivable in respect of the taxable profit or loss for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax is the timing difference between the tax base and the carrying value in the balance sheet. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Research and development tax credits are recognised as an income tax credit in the income statement, with a corresponding asset recognised until the amounts are received. Such amounts are only recognised at the period/year end based on an assessment of relevant time spent by employees on research and development activities. Where government grants have been received against the same employee costs, such amounts are removed from the R&D tax credit calculations.

2.11 Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2.12 Employee benefits

(i) Pension

The Company operates a defined contribution pension scheme for UK employees. The contributions are recognised as an employee benefit expense when they are due. Differences between contributions payable in the year, and contributions actually paid are shown as accruals in the consolidated statement of financial position. The Company has no further payment obligation once the contributions have been made.

(ii) Annual bonus plan

The Company operates an annual bonus plan for all employees. An expense is accrued over the related service period and recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

2.13 Share-based payments

The Group operates a number of equity-settled, share-based compensation schemes to certain key employees. The fair value of share-based payments under such schemes is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding entry to equity. In arriving at this estimate the Company takes into account non-market-based factors and the expected attrition of employees over the period.

Fair value is determined using the Black-Scholes model and requires several assumptions and estimates as disclosed in note 20.

2.14 Property, plant and equipment

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

2. Accounting policies *continued*

2.14 Property, plant and equipment *continued*

Depreciation and residual values

The fixed assets have been depreciated on a straight line basis at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its expected useful economic life in the Company's business, and the rates are as follows:

- Fixtures, fittings and computer equipment – 3 years
- Leasehold improvements – 5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in "Administrative expenses".

2.15 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the development employee costs and the fees of any contractors directly involved in the project.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

Intellectual property and patents

Patents and brand assets acquired were valued based on a relief from royalty approach, and are amortised over their useful economic life of four years. Brand assets are included in "Other intangible assets".

Intangible assets are stated at cost or valuation less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Patents – 4 years
- Internally generated software development costs – 3 years
- Other intangible assets – 4 years

Amortisation is charged to administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

2.16 Trade receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

2. Accounting policies *continued*

2.17 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks with original maturities of three months or less.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.19 Share capital

Ordinary Shares, preference shares and deferred shares are classified as equity. Incremental costs directly attributable to the issue of new Ordinary and preference shares or options are shown in equity as a deduction, net of tax, from the proceeds, and taken against the share premium account.

2.20 Related party transactions

The Group discloses transactions with related parties which are not wholly owned with the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group historical financial information. It does not disclose transactions with members of the same Group that are wholly owned.

3. Financial risk management

3.1 Group financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Group's overall risk management programme is focused on operating cost and cash management.

(a) Currency risk

The Group operates internationally and is exposed to foreign exchange risk from various currency exposures, primarily with respect to US Dollars, Indian Rupees, Singapore Dollars, Chinese Yuan and Brazilian Real. Foreign exchange risk arises from commercial transactions, and investments in foreign subsidiaries.

The Group has certain investments in foreign subsidiaries, whose net assets are exposed to foreign currency translation risk. There are currently no measures in place to manage currency exposure arising from the net assets of the Group's foreign operations. Such movements are recognised in the income statement and statement of comprehensive income. For the year ended December 2017 the revaluation loss on foreign subsidiary net assets recognised in the statement of comprehensive income was £14,088 (2016: £133,270).

Following the United Kingdom's vote to leave the European Union Sterling has been relatively volatile, and there has been mixed impact on the Group. When Sterling depreciates the Group's overseas income increases but the cost base rises. Conversely when Sterling appreciates, revenues are reduced but costs also decrease. As the Group is currently loss making, any appreciation in Sterling has a beneficial impact on the net loss.

(b) Credit risk

In common with most businesses, the Group extends credit to its customers. The credit risk on this activity is judged as low and the Group has not experienced significant bad debt. Most clients are large blue-chip organisations and further credit checks are not carried out before entering into commercial arrangements. Standard credit terms offered are 30 days but this can vary depending on the commercial agreement reached. See note 16 for further disclosures on credit risk.

(c) Liquidity risk

Cash flow forecasting is performed centrally on a rolling basis for the Group as a whole and the Company ensures that the subsidiaries have sufficient cash to meet their local operational needs.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 December 2017				
Trade and other payables	**859,184**	**–**	**–**	**–**
As at 31 December 2016				
Trade and other payables	280,936	–	–	–

3. Financial risk management *continued*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group considers capital to be its equity reserves.

The Group ensures it is meeting its objectives by reviewing its key performance indicators ("KPIs") to ensure cash consumption and costs are controlled, revenues are in line with expectations, and key customers are under contract.

There is no debt in the Group and to date no dividends have been paid.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Intangible assets

As part of the acquisition of the trade and assets of Mirriad Limited in May 2015 a fair value review exercise was carried out on the assets and liabilities being transferred. The Group also capitalises internally generated software development costs as described below.

Estimate on original value of acquired intangible assets – As part of the fair value review exercise, patents and other intangible assets were capitalised as intangible assets based on their estimated fair values at the time. Following the fair value exercise it was noted that the effective consideration paid was lower than the assets being acquired so a negative goodwill balance was recognised and then fully written off in 2015.

Estimate on the useful life of acquired intangible assets – The intangible assets are being amortised over their expected useful life, being four years. No residual value is expected at the end of the useful life for any of the intangible assets. The assessment of the useful life requires management judgement. Intangible assets are assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

Judgement on when capitalisation of internally generated software begins and ends – Internally generated software development costs have also been capitalised, which are principally employer payroll costs. Such costs are only capitalised to the extent that they relate to an identifiable asset that is expected to generate future economic benefits, can be reliably measured and relate to the development phase of the software creation. Costs related to the research phase or subsequent maintenance are not capitalised.

Estimate on the useful life of internally generated software – The intangible assets are being amortised over their expected useful life, being three years. No residual value is expected at the end of the useful life for any of the intangible assets. The assessment of the useful life requires management judgement. Intangible assets are assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

(ii) Share-based payments

The Group records charges for share-based payments. For option-based share-based payments management estimates certain factors used in the option pricing model, including volatility, vesting date of options and number of options likely to vest. If these estimates vary from actual occurrence, this will impact the value of the equity carried in reserves. Further details of the Group's estimation of share-based payments are disclosed in note 20.

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

5. Segment information

Management mainly considers the business from a geographic perspective since the same services are effectively being sold in every Group entity. Therefore regions considered for segmental reporting are where the Company and subsidiaries are based, namely the UK, the USA, India, Brazil, China and Singapore. The revenue is classified by where the sales were booked not by the geographic location of the customer. For this reporting purpose the Singapore and China entities are considered together.

The only income outside of the primary business activity relates to income received from grants which is recognised in other operating income.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The steering committee is made up of the Board of Directors. There are no sales between segments. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the income statement.

The parent company is domiciled in the United Kingdom. The amount of revenue from external customers by location of the Group billing entity is shown in the tables below.

Revenue	2017 £	2016 £
Turnover by geography		
China and Singapore	**450,864**	64,909
India	**248,356**	74,727
UK	**101,494**	520,655
USA	**43,733**	50,575
Brazil	**29,744**	—
Total	**874,191**	710,866

	2017 £	2016 £
Turnover by category		
Rendering of services	**874,191**	710,866
Total	**874,191**	710,866

Revenues from external customers by country, based on the destination of the customer	2017 £	2016 £
China	**455,962**	357,496
India	**251,023**	74,727
USA	**57,831**	58,101
Brazil	**29,744**	—
Italy	**33,036**	33,312
Germany	**23,444**	33,670
Other	**23,151**	33,262
Australia	**—**	64,622
Korea	**—**	55,676
Total	**874,191**	710,866

Revenues of £455,962 (2016: £327,056) are derived from a single external customer. These revenues are attributable to a customer based in China. The next largest customer, based in India, had revenues of £248,564 (2016: £53,026).

5. Segment information *continued*

Loss before tax

The EBITDA is the loss for the year before depreciation, amortisation, interest and tax. The loss before tax is broken down by segment as follows:

	2017 £	2016 £
UK	**(6,880,824)**	(3,880,044)
USA	**(2,245,660)**	(1,730,760)
India	**(404,369)**	(425,901)
China and Singapore	**(656,009)**	(528,035)
Brazil	**(172,622)**	—
Total EBITDA	**(10,359,484)**	(6,564,740)
Depreciation	**(89,770)**	(133,039)
Amortisation	**(822,820)**	(596,626)
Finance income net	**776**	301
Loss before tax	**(11,271,298)**	(7,294,104)

2016	Depreciation £	Amortisation £	Income tax credit £	Finance income net £
UK	(48,747)	(596,626)	142,887	—
USA	(2,567)	—	—	—
India	(79,896)	—	—	301
China and Singapore	(1,829)	—	—	—
Brazil	—	—	—	—
Total	(133,039)	(596,626)	142,887	301

2017	**Depreciation £**	**Amortisation £**	**Income tax credit £**	**Finance income net £**
UK	**(53,159)**	**(822,820)**	**208,849**	**54**
USA	**(3,891)**	**—**	**—**	**—**
India	**(30,084)**	**—**	**—**	**679**
China and Singapore	**(2,636)**	**—**	**—**	**43**
Brazil	**—**	**—**	**—**	**—**
Total	**(89,770)**	**(822,820)**	**208,849**	**776**

Non-current assets	2017 £	2016 £
UK	**2,183,252**	1,648,696
USA	**5,006**	7,814
India	**58,361**	36,529
China and Singapore	**32,905**	6,112
Brazil	**—**	—
Total	**2,279,524**	1,699,151

The main non-current asset balances in the UK relate to intangible assets and leasehold improvements.

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

5. Segment information *continued*

Total assets	2017 £	2016 £
UK	**28,793,908**	12,397,601
USA	**266,436**	187,911
India	**371,183**	259,491
China and Singapore	**357,366**	102,517
Brazil	**157,435**	—
Total	**29,946,328**	12,947,520

The main asset balance in the UK is the cash balance which is used to fund the business and support the subsidiary entities.

Liabilities	2017 £	2016 £
UK	**1,726,945**	634,913
USA	**141,730**	67,024
India	**137,429**	40,543
China and Singapore	**46,783**	33,264
Brazil	**1,716**	—
Total	**2,054,603**	775,744

6. Operating loss

The Group operating loss is stated after charging/(crediting):

	Note	2017 £	2016 £
Employee benefits	7	**6,905,025**	4,117,661
Depreciation of property, plant and equipment	12	**89,770**	133,039
Amortisation of intangible assets	13	**822,820**	596,626
Foreign exchange movements		**166,523**	(139,278)
Other general and administrative costs		**4,263,842**	3,438,448
Other operating income		**(101,715)**	(141,225)
Total cost of sales, administrative expenses and other operating income		**12,146,265**	8,005,271

Other operating income includes income received from government grants. The Group has complied with all the conditions attached to these grant awards.

During the periods indicated the Group obtained the services from and paid the fees of the Group's auditors as detailed below:

	2017 £	2016 £
Audit fees	**42,000**	21,000
Audit related assurance services	**453,250**	–
Taxation compliance services	**5,000**	8,750
Total	**500,250**	29,750

Non-audit fees payable to PricewaterhouseCoopers LLP were £458,250 (2016: £8,750). The audit related assurance services include assurance reporting on historical financial information included in the AIM listing admission document.

7. Employees

7.1 Employee benefit expense

	Group		Company	
	2017 **£**	2016 £	**2017** **£**	2016 £
Wages and salaries and other benefits	**4,664,745**	3,583,742	**2,275,015**	1,665,553
Social security costs	**530,294**	327,517	**392,215**	214,453
Share options granted to Directors and employees	**1,675,271**	192,047	**1,675,271**	192,047
Pension costs	**34,715**	14,355	**34,715**	14,355
Total	**6,905,025**	4,117,661	**4,377,216**	2,086,408

All pension costs relate to the defined contribution scheme.

The key management are considered to be the Directors of the Company. In prior years the Chief Financial Officer was considered to also be a member of key management, but became a Director on 19 December 2017. Remuneration of Directors and key management is disclosed in the Remuneration Report.

7.2 Average number of people employed

	Group		Company	
By activity	**2017** **Number**	2016 Number	**2017** **Number**	2016 Number
Average monthly numbers of persons employed (including Directors) by the Company during the period/year was:				
Sales and account management	**13**	13	**3**	4
Ad operations and delivery	**42**	42	**7**	8
Research and development	**27**	15	**26**	15
Marketing and product	**3**	—	**1**	—
Management and administration	**6**	4	**6**	4
	91	74	**43**	31

8. Finance income and costs

Finance income	**2017** **£**	2016 £
Interest on short-term deposit	**776**	301
Total	**776**	301

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

9. Investments

The amounts recognised in the Company balance sheet are as follows:

	2017 **£**	2016 £
Subsidiary undertakings	**213,748**	11,796
Total investments	**213,748**	11,796

During the year the Company had interests in the following investments, all of which are consolidated in the Group historical financial information. There are no capital contributions related to share-based payments. The subsidiaries as listed below have share capital consisting solely of Ordinary Shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Name of subsidiary or Group undertaking	Registered address	Nature of business	Country of registration and operation	Proportion of nominal value of shares and voting rights held
Mirriad Advertising Private Limited	Office No. 401 & 402 Palm Spring Centre, Link Road, above Croma, Malad (w), Mumbai-400 064	Provision of embedded advertising into video	India	100%
Mirriad Inc.	4th Floor 19 W24th Street, New York, NY 10001	Provision of embedded advertising into video	USA	100%
Mirriad (Singapore) Pte. Ltd.	8 Eu Tong Sen Street #16-87 The Central Singapore 059818	Provision of embedded advertising into video	Singapore	100%
Mirriad Software Science and Technology (Shanghai) Co. Ltd	Rm 1328, 2nd Floor, No.148, Lane 999, Xin Er Road, Shanghai	Provision of embedded advertising into video	China	100%
Mirriad Brasil Tecnologias Para Midia Ltda*	Rua Padre João Manuel, 923, Conjunto 111, Sala 3, CEP 01411-001, São Paulo, Brazil	Provision of embedded advertising into video	Brazil	99.8%
Mirriad Limited	6th Floor, One London Wall, London EC2Y 5EB, United Kingdom	Dormant	UK	100%

* Mirriad Brasil Tecnologias Para Midia Ltda is fully owned by the Group, with Mirriad Inc. holding the remaining 0.2% of issued share capital.

The nominal value of issued shares for the companies is as follows:

- Mirriad Advertising Private Limited: 10,000 shares of 10 INR;
- Mirriad Inc: 1000 shares of $0.001 USD;
- Mirriad (Singapore) Pte. Ltd.: 25,000 shares of $1 SGD;
- Mirriad Software Science and Technology (Shanghai) Co. Ltd. registered capital is 600,000 CNY;
- Mirriad Brasil Tecnologias Para Midia Ltda: 600,000 shares of 1 BRL; and
- Mirriad Limited: 1 share of £0.01 GBP.

10. Income tax credit

Tax credit included in profit and loss	2017 £	2016 £
Current tax		
Research and development tax credit for the period/year	**(208,849)**	(142,887)
Total current tax	**(208,849)**	(142,887)
Deferred tax		
Origination and reversal of timing differences	**–**	–
Total deferred tax	**–**	–
Tax on loss	**(208,849)**	(142,887)

UK corporation tax credit relates to R&D tax credits received by the Group.

Reconciliation of tax charge

The tax assessed for the period is based on the standard rate of corporation tax in the UK of 19.25%. The differences are outlined below:

	2017 £	2016 £
Loss before tax	**(11,271,298)**	(7,294,104)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**(2,169,725)**	(1,458,821)
Effects of		
Expenses not deductible for tax purposes	**1,002,999**	708,968
Enhanced R&D deduction	**(156,715)**	(111,396)
R&D tax credit receivable	**(208,849)**	(142,887)
Surrender of losses for R&D tax credit	**277,265**	197,086
Deferred tax not recognised on unutilised losses	**1,046,176**	664,163
Total tax credit for the period/year	**(208,849)**	(142,887)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

		2017	
	Before tax £	**Tax (charge)/ credit £**	**After tax £**
Fair value losses			
Currency translation differences	**(14,088)**	**–**	**(14,088)**
Other comprehensive income	**(14,088)**	**–**	**(14,088)**

		2016	
	Before tax	Tax (charge)/ credit	After tax
Fair value losses			
Currency translation differences	(133,270)	–	(133,270)
Other comprehensive income	(133,270)	–	(133,270)

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

10. Income tax credit *continued*

Deferred tax

The following tables represent deferred tax balances recognised in the consolidated balance sheet, and the movements in both the deferred tax asset and the deferred tax liability.

There is a deferred tax liability of £346,910 (2016: £346,910) in respect of the intangible asset acquired on acquisition of the trade and assets of Mirriad Limited in 2015, which has been immediately offset against the acquired unrecognised deferred tax asset in relation to trading losses carried forward.

	2017 **£**	2016 £
Deferred tax assets	**346,910**	346,910
Deferred tax liabilities	**(346,910)**	(346,910)
Net balances	**—**	—

Movements on the deferred tax asset

	2017 **£**	2016 £
At 1 January	**346,910**	367,316
Acquisition during the year	**—**	—
Impact of rate changes	**—**	(20,406)
At 31 December	**346,910**	346,910

Movements on the deferred tax liability

	2017 **£**	2016 £
At 1 January	**(346,910)**	(367,316)
Acquisition during the year	**—**	—
Impact of rate changes	**—**	20,406
At 31 December	**(346,910)**	(346,910)

There is an unrecognised deferred tax asset of £4,446,458 (2016: £3,276,040) in relation to the trading losses carried forward, provisions and future exercisable shares.

Unrecognised deferred tax has been calculated at 17%, reflecting the latest enacted rate. The unrecognised deferred tax asset would be recovered against future Company taxable profits. In the opinion of the Directors, there is insufficient evidence that the asset will be recovered, as such the deferred tax asset has not been recognised in the financial statements.

Factors that may affect future tax charges

The main rate of corporation tax was aligned with the small profits rate at 20% with effect from 1 April 2015. Changes to the UK corporation tax rates were enacted as part of the Finance (No.2) Act 2015, which received royal assent on 18 November 2015, and Finance Act 2016, which received royal assent on 15 September 2016. These include reductions to reduce the main rate to 19% from 1 April 2017 and 17% from 1 April 2020. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date as noted above.

11. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the loss for the period/year by the weighted average number of Ordinary Shares in issue during the year. Potential Ordinary Shares are not treated as dilutive as the Group is loss making and such shares would be anti-dilutive.

Group	2017	2016
Loss attributable to owners of the parent (£)	**(11,062,449)**	(7,151,217)
Weighted average number of Ordinary Shares in issue Number	**58,030,338**	40,466,430

The loss per share for the year was 19p (2016: 18p).

No dividends were paid during the year (2016: £nil).

(b) Diluted

Potential Ordinary Shares are not treated as dilutive as the Group is loss making and such shares would be anti-dilutive.

12. Property, plant and equipment

Group

	Fixtures, fittings and computer equipment £	Leasehold improvements £	Total £
At 1 January 2016			
Cost or valuation	251,331	–	251,331
Accumulated depreciation	(110,587)	–	(110,587)
Net book amount	140,744	–	140,744
Year ended 31 December 2016			
Opening net book amount	140,744	–	140,744
Additions	41,312	–	41,312
Disposals	(2,744)	–	(2,744)
Depreciation charge	(133,039)	–	(133,039)
Depreciation on disposals	2,744	–	2,744
Closing net book amount	49,017	–	49,017
At 31 December 2016			
Cost or valuation	289,899	–	289,899
Accumulated depreciation	(240,882)	–	(240,882)
Net book amount	49,017	–	49,017
Year ended 31 December 2017			
Opening net book amount	49,017	–	49,017
Additions	120,260	346,367	466,627
Disposals	(44,699)	–	(44,699)
Depreciation charge	(58,989)	(30,781)	(89,770)
Depreciation on disposals	44,699	–	44,699
Closing net book amount	**110,288**	**315,586**	**425,874**
At 31 December 2017			
Cost or valuation	365,460	346,367	711,827
Accumulated depreciation	(255,172)	(30,781)	(285,953)
Net book amount	**110,288**	**315,586**	**425,874**

As at 31 December 2017 there were no contractual commitments to purchase any further property, plant and equipment (2016: none).

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

12. Property, plant and equipment *continued*

Company

	Fixtures, fittings and computer equipment £	Leasehold improvements £	Total £
At 1 January 2016			
Cost or valuation	130,795	–	130,795
Accumulated depreciation	(81,223)	–	(81,223)
Net book amount	49,572	–	49,572
Year ended 31 December 2016			
Opening net book amount	49,572	–	49,572
Additions	27,205	–	27,205
Depreciation charge	(49,580)	–	(49,580)
Closing net book amount	27,197	–	27,197
At 31 December 2016			
Cost or valuation	158,000	–	158,000
Accumulated depreciation	(130,803)	–	(130,803)
Net book amount	27,197	–	27,197
Year ended 31 December 2017			
Opening net book amount	27,197	–	27,197
Additions	59,197	346,367	405,564
Disposals	(1,409)	–	(1,409)
Depreciation charge	(22,377)	(30,781)	(53,158)
Depreciation on disposals	1,409	–	1,409
Closing net book amount	**64,017**	**315,586**	**379,603**
At 31 December 2017			
Cost or valuation	215,788	346,367	562,155
Accumulated depreciation	(151,771)	(30,781)	(182,552)
Net book amount	**64,017**	**315,586**	**379,603**

13. Intangible assets
Group and Company

	Patents £	Internally generated software development costs £	Other £	Total £
Cost				
At 1 January 2016	1,688,712	38,651	351,935	2,079,298
Additions	—	481,723	—	481,723
At 31 December 2016	1,688,712	520,374	351,935	2,561,021
Additions	—	842,010	—	842,010
At 31 December 2017	**1,688,712**	**1,362,384**	**351,935**	**3,403,031**
Accumulated amortisation				
At 1 January 2016	(281,452)	(2,787)	(58,656)	(342,895)
Amortisation charge	(422,178)	(86,464)	(87,984)	(596,626)
At 31 December 2016	(703,630)	(89,251)	(146,640)	(939,521)
Amortisation charge	(422,178)	(312,658)	(87,984)	(822,820)
At 31 December 2017	**(1,125,808)**	**(401,909)**	**(234,624)**	**(1,762,341)**
Net book value				
Cost	1,688,712	520,374	351,935	2,561,021
Accumulated amortisation	(703,630)	(89,251)	(146,640)	(939,521)
At 31 December 2016	985,082	431,123	205,295	1,621,500
Cost	1,688,712	1,362,384	351,935	3,403,031
Accumulated amortisation	(1,125,808)	(401,909)	(234,624)	(1,762,341)
At 31 December 2017	**562,904**	**960,475**	**117,311**	**1,640,690**

Intangible assets comprises two patents acquired from Mirriad Limited in 2015 which are being amortised on a straight line basis over four years.

Other intangibles above includes the technology acquired from Mirriad Limited, which has a carrying net book value of £13,264 (2016: £23,211) and the Mirriad brand acquired as part of the same transaction, which has a carrying value of £104,048 (2016: £182,084). These items are being amortised on a straight line basis over four years.

The internally generated software costs reflect staff time incurred on two main products for internal use which underpin the business processes. These development costs have been offset by grant income received for the same staff costs over the period. To the extent that work on the products reflects research or maintenance activities such related costs have not been capitalised. The capitalised software development costs are being amortised on a straight line basis over three years.

Despite the losses incurred, none of the intangible assets are deemed to be impaired. An impairment review was performed. This review demonstrated that the current Company value exceeds the assets and, as these intangibles are an integral part of the Company's operations, the Company is comfortable that there is no impairment.

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

14. Trade and other receivables

	Group		Company	
	2017 **£**	2016 £	**2017** **£**	2016 £
Trade receivables – net	**203,609**	128,370	**19,768**	12,162
Other debtors	**556,629**	230,160	**501,849**	178,876
Accrued income	**237,208**	195,107	**—**	106,718
Prepayments	**289,788**	191,731	**167,953**	86,030
	1,287,234	745,368	**689,570**	383,786
Less non-current portion: other debtors	**(212,960)**	(28,634)	**(162,960)**	—
Current portion	**1,074,274**	716,734	**526,610**	383,786

Trade receivables are stated after a provision for impairment of £29,120 (2016: £29,120). As of 31 December 2017, trade receivables of £117,627 (2016: £121,254) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing history of these trade receivables is as follows:

	2017 **£**	2016 £
Up to three months	**34,224**	88,178
Three to six months	**50,480**	4,702
Over six months	**32,923**	28,374
Total	**117,627**	121,254

15. Trade and other payables

	Group		Company	
	2017 **£**	2016 £	**2017** **£**	2016 £
Trade creditors	**745,419**	185,320	**743,710**	183,925
Other taxation and social security	**113,765**	95,616	**108,777**	74,431
Accruals and deferred income	**1,195,419**	494,808	**874,455**	376,556
Total	**2,054,603**	775,744	**1,726,942**	634,912

Deferred income as at 31 December 2017 was £nil (2016: £33,036).

16. Financial instruments

The Group has the following financial instruments:

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
– Trade debtors	**203,609**	128,370
– Other debtors	**556,629**	230,160
Total	**760,238**	358,530
Financial liabilities measured at amortised cost		
– Trade creditors	**745,419**	185,320
– Other taxation and social security	**113,765**	95,616
Total	**859,184**	280,936

None of the financial assets are considered to be impaired.

The Group has no financial assets at fair value through the income statement (2016: nil), and no financial assets that are equity instruments measured at cost less impairment (2016: nil).

Derivative financial instruments

The Group has no interest rate derivative financial instruments.

Interest on bank loans and overdrafts are disclosed in note 8.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2017 £	2016 £
Trade receivables		
Counterparties without external credit rating		
Group 1	**12,000**	27,022
Group 2	**187,024**	82,566
Group 3	**4,585**	18,782
Total unimpaired trade receivables	**203,609**	128,370
Cash at bank and short-term bank deposits		
A1	**26,124,196**	10,260,344
Baa1	**73,062**	10,627
Ba2	**131,928**	–
Baa3	**54,099**	76,198
	26,383,285	10,347,169
Cash in hand	**405**	225
Total cash and cash equivalents	**26,383,690**	10,347,394

Group 1 – new customers (less than six months).

Group 2 – existing customers (more than six months) with no defaults in the past.

Group 3 – existing customers (more than six months) with some defaults in the past.

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

17. Share capital and premium

Share premium and nominal value of share capital

	Ordinary Shares £	Preference shares £	Deferred shares £	Total share capital £	Share premium £	Total £
At 1 January 2016	363	–	–	363	10,901,926	10,902,289
Proceeds from shares issued	87	104	–	191	11,387,925	11,388,116
Shares issued in lieu of consideration	–	2	–	2	111,735	111,737
At 31 December 2016	450	106	–	556	22,401,586	22,402,142
Proceeds from shares issued	1	21	–	22	1,360,972	1,360,994
Shares issued in lieu of consideration	–	1	–	1	52,543	52,544
Capital restructuring	–	–	–	–	(23,755,050)	(23,755,050)
Issue of deferred shares	–	–	49,898	49,898	(49,898)	–
Share conversion	128	(128)	–	–	–	–
EMI options exercised	31	–	–	31	786,843	786,874
Proceeds from IPO share issue	409	–	–	409	25,394,029	25,394,438
Share issue costs	–	–	–	–	(2,473,635)	(2,473,635)
At 31 December 2017	**1,019**	**–**	**49,898**	**50,917**	**23,717,390**	**23,768,307**

On 25 July 2017, 100,000 Ordinary Shares were issued for 62p per share as part of a £1.4 million fundraise from new investors.

The proceeds from shares issued figure above is net of transaction costs of £14,608 (2016: £50,909).

On 23 October 2017, the Company passed a resolution to reduce the share premium account by £23,755,050 as part of a capital reduction. As a result of the capital reduction, positive distributable reserves were created in preparation for the Company's admission to AIM.

On 17 November 2017, the Company used the share premium account to fund the issue of 1,995,936 deferred shares of £0.025 each totalling £49,898. More details on the deferred shares can be found below.

Ordinary Shares of £0.00001 each

Allotted and fully paid	Number
At 1 January 2017	44,974,546
Issued during the year	100,000
Conversion of preference shares	12,808,521
EMI options exercised	3,055,072
Issued at IPO	40,958,772
At 31 December 2017	**101,896,911**

On 7 December 2017, 3,055,072 Ordinary Shares were issued on the exercise of EMI options. Option holders were permitted to sell sufficient Ordinary Shares to cover the aggregate exercise price.

On 19 December 2017, 40,958,772 Ordinary Shares were issued for 62p per share as part of an IPO and admission to AIM, which raised £25.4 million.

There is a single class of Ordinary Shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Preference shares of £0.00001 each

Allotted and fully paid	Number
At 1 January 2017	10,605,063
Issued during the year	2,203,458
Conversion to Ordinary Shares	(12,808,521)
At 31 December 2017	**–**

17. Share capital and premium *continued*

Preference shares of £0.00001 each *continued*

On 25 July 2017, 2,203,458 preference shares were issued for 62p per share as part of a £1.4 million fundraise from new investors. This number includes 84,748 preference shares issued in lieu of consideration for corporate finance adviser services provided (as per note 23).

On 18 December 2017, 12,808,521 preference shares of £0.00001 each were converted to Ordinary Shares in advance of the Company's admission to AIM.

The preference shares are considered as equity and do not provide an obligation to pay dividends to the shareholders. On a distribution of assets on a liquidation or a return of capital the preference shareholders have priority before other classes of shares to receive repayment of capital.

Deferred shares of £0.025 each

Allotted and fully paid	Number
At 1 January 2017	–
Issued during the year	1,995,936
At 31 December 2017	**1,995,936**

On 21 November 2017, 1,995,936 deferred shares of £0.025 each were issued to existing shareholders and funded from the Company's share premium account totalling £49,898. The shares were issued on the basis of one new deferred share for every 29 existing Ordinary Shares and one new deferred share for every 29 preference shares.

The deferred shares do not have any voting rights attached and no entitlement to receive any dividend or other distribution. On a return of assets in a winding-up or otherwise the holders of deferred shares will only be entitled to repayment of the amounts paid up on such shares after repayment of £10 million per Ordinary Share. The Company may, subject to appropriate shareholder approval, elect to buy back the deferred shares at a later date for an aggregate amount of £0.01 for each holder's total holding of deferred shares.

The share capital reserve consists of shares issued to the Group's investors.

The number of authorised shares is uncapped.

The share premium reserve consists of amounts paid in addition to the nominal value of the Ordinary Shares, less any direct costs and fees incurred during the investment.

The profit and loss account consists of accumulated losses.

18. Share-based payments reserve

	Group and Company £
At 1 January 2016	97,517
Share-based payments recognised as expense	192,047
At 31 December 2016	289,564
At 1 January 2017	289,564
Share-based payments recognised as expense	1,675,271
At 31 December 2017	**1,964,835**

The cost of equity-settled share-based payments are recognised in the income statement, together with a corresponding increase in equity in this share-based payment reserve during the vesting period. Note 20 explains the employee options schemes in more detail.

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

19. Retranslation reserve

	Group £
At 1 January 2016	(43,127)
Translation loss for the year	(133,270)
At 31 December 2016	(176,397)
At 1 January 2017	(176,397)
Translation loss for the year	(14,088)
At 31 December 2017	**(190,485)**

The other reserve contains the translation losses for the period/year which results from the revaluation of subsidiary opening net assets and reserves. Such translation movements are recorded in the statement of comprehensive income and this reserve.

20. Share-based payments

Certain employees participate in the key employee share option scheme, which provides additional remuneration for those employees who are key to the operations of the Group. In accordance with IFRS 2 "Share-based payments" the cost of the equity-settled transactions is measured by reference to their fair value at the date at which they are granted. Fair value is determined using the Black-Scholes model. The cost of equity-settled transactions is recognised over the period until the award vests. No expense is recognised for awards that do not ultimately vest. At each reporting date, the cumulative expense recognised for equity-based transactions reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors at that date, will ultimately vest.

The cost of equity-settled share-based payments are recognised in the income statement, together with a corresponding increase in equity during the vesting period – please see note 18 for details of the share-based payment reserve. During the 12 months ended 31 December 2017, the Group recognised a share-based payment expense of £1,675,271 (2016: £192,047). The charge is included within administrative expenses.

The Company grants share options under an Unapproved Share Option Scheme (the "Unapproved Scheme") and under its tax efficient EMI Option Scheme (the "EMI Scheme"). Under the Unapproved Scheme, options are granted to non-UK-based employees at an exercise price deemed to be market value of the shares. Under the EMI Scheme options are granted to UK-based employees at a fair value. In general, for options granted one-third are exercisable on the first anniversary of the grant, a further third are exercisable on the second anniversary of the grant and the remainder are exercisable three years after the date of grant. All vested options expire ten years after the date of grant. The only exception were options issued in 2015 which vested immediately. Employees are not entitled to dividends until the shares options are exercised. Vesting of the options is subject to continued employment within the Group.

Both the Unapproved and EMI Scheme rules contained a provision whereby the normal three-year vesting schedule of the options will be accelerated on admission to AIM such that all subsisting options could be exercised either immediately prior to admission or during the 90 days following admission with the lapse of unexercised options occurring 90 days after admission. The Board resolved on 14 November to amend the rules for unapproved option holders to permit them to choose either to accept the accelerated vesting and exercise their options within 90 days of admission or to accept an amendment whereby unapproved options will continue to vest under their original vesting schedule. All employees elected to continue with the original vesting schedule.

The Chairman's unapproved options did accelerate on admission to AIM and are now fully vested. The Chairman's options are exercisable up to not less than five years following termination of office.

No unapproved options were exercised during the year (2016: nil).

20. Share-based payments *continued*

All the EMI option holders elected to exercise their options during the year (2016: nil), details of which can be found in the table below.

In the year ended 31 December 2017, the Company granted 1,759,677 (2016: nil) share options under the EMI Scheme and 2,046,294 (2016: 1,965,894) share options under the Unapproved Scheme. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2017		2016	
	Weighted average exercise price in £ per share option	Share options Number	Weighted average exercise price in £ per share option	Share options Number
EMI Scheme				
Outstanding at 1 January	**0.30**	**1,548,971**	0.30	1,548,971
Reclassification of options	**0.30**	**(253,576)**	–	–
Granted	**0.23**	**1,759,677**	–	–
Exercised	**0.26**	**(3,055,072)**	–	–
At 31 December	**–**	**–**	0.30	1,548,971
Unapproved Scheme				
Outstanding at 1 January	**0.50**	**3,083,192**	0.30	1,524,429
Reclassification of options	**0.30**	**253,576**	–	–
Granted	**0.62**	**2,046,294**	0.62	1,965,894
Forfeited	**0.51**	**(238,905)**	0.30	(407,131)
At 31 December	**0.54**	**5,144,157**	0.50	3,083,192

Out of the 5,144,157 outstanding Unapproved Scheme options (2016: 3,083,192), 2,846,794 options (2016: 398,033) were exercisable. The weighted average exercise price of the outstanding share options under the Unapproved Scheme at 31 December 2017 was £0.54 (2016: £0.50).

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant-vest	Scheme	Expiry date	Exercise price in £ per share options	Share options 2017	Share options 2016
2015	EMI	20 Aug 2025	0.30	**–**	84,083
2015	Unapproved	20 Aug 2025	0.30	**–**	38,400
2015–18	EMI	20 Aug 2025	0.30	**–**	1,363,888
2015–18	Unapproved	20 Aug 2025	0.30	**1,291,760**	1,078,898
2015–18	EMI	16 Nov 2025	0.30	**–**	101,000
2016–19	Unapproved	16 Dec 2026	0.62	**3,371,731**	1,965,894
2017–19	Unapproved	19 June 2027	0.62	**255,666**	–
2017–19	Unapproved	16 Oct 2027	0.62	**225,000**	–
Total				**5,144,157**	4,632,163

The fair values were estimated using the Black-Scholes option pricing model. The weighted average fair value of the options granted under the Unapproved Scheme during the period under this model was £0.31 per option (2016: £0.31). The significant inputs into the model were share price of £0.62 (2016: £0.62) at the grant date, exercise price as shown above, volatility of 47.9% (2016: 48.4%), expected option life of 6.5 years (2016: 6.5 years) and an annual risk-free interest rate of 1.706% (2016: 2.0687%). The volatility used for the calculations was based on the average (median) 6.5 year volatility for AIM-listed technology companies as at 31 December 2017.

The weighted average fair value of the options granted under the EMI Scheme during the period under this model was £0.46 per option (2016: £nil). The significant inputs into the model were share price of £0.62 (2016: £0.62) at the grant date, exercise price as shown above, volatility of 48% (2016: nil), expected option life of 6.5 years (2016: nil) and an annual risk-free interest rate of 1.75% (2016: nil).

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

21. Cash generated from operations

		Group		Company	
	Note	2017 £	2016 £	2017 £	2016 £
Loss for the financial period/year		**(11,062,449)**	(7,151,217)	**(11,290,257)**	(7,442,293)
Adjustments for:					
Tax on loss on ordinary activities	10	**(208,849)**	(142,887)	**(208,849)**	(142,887)
Interest received	8	**(776)**	(301)	**(54)**	–
Operating loss		**(11,272,074)**	(7,294,405)	**(11,499,160)**	(7,585,180)
Amortisation of intangible assets	13	**822,820**	596,626	**822,820**	596,626
Depreciation of tangible assets	12	**89,770**	133,039	**53,158**	49,580
Profit on disposal of tangible assets		**(2,660)**	(227)	**(1,441)**	–
Bad debts written off		**11,293**	–	**–**	–
Cost settled with equity		**52,544**	111,735	**52,544**	111,735
Share-based payment charge	20	**1,675,271**	192,047	**1,675,271**	192,047
Foreign exchange variance		**166,523**	(133,270)	**–**	–
– (Increase)/decrease in debtors		**(541,866)**	(132,427)	**(305,784)**	123,237
– Increase in creditors		**1,288,908**	222,599	**1,092,032**	201,176
Cash flow used in operating activities		**(7,709,471)**	(6,304,283)	**(8,110,560)**	(6,310,779)

22. Capital and other commitments

The Group had no capital and other commitments as at 31 December 2017, or the period ended 31 December 2016.

23. Related party transactions

The Group is owned by a number of investors, the largest being IP2IPO Portfolio (GP) Limited (as general partner for IP2IPO Portfolio L.P), who owns approximately 27% of the share capital of the Company. Accordingly there is no ultimate controlling party.

During the year the Company had the following significant related party transactions which were carried out at arms length. No guarantees were given or received for any of these transactions:

IP2IPO Services Limited

IP2IPO Portfolio (GP) Limited – a company with the same parent company as IP2IPO Services Limited; one of the Company Directors during the period had the following transactions: (1) purchase of 6,010,323 Ordinary Shares in the IPO in December 2017 at £0.62 per share; and (2) charged Mirriad Advertising plc £52,543.76 for services as a corporate finance adviser. This fee was satisfied by the issue and allotment of 84,748 preference shares in July 2017.

IP2IPO Limited – a company with the same parent company as IP2IPO Services Limited; one of the Company Directors during the period had the following transactions: (1) purchase of 10,000 Ordinary Shares in the IPO in December 2017 at £0.62 per share; and (2) charged Mirriad Advertising plc £10,000 in November 2017 for placement of a Non-executive Director, and £267.05 for event hire and refreshments in December 2017. The invoice for the event hire charges was not received by the Company until January 2018 so was unpaid as at 31 December 2017. This invoice was subsequently settled on 30 January 2018.

Top Technology Ventures Limited – a company with the same parent company as IP2IPO Services Limited; one of the Company Directors and during the period charged Mirriad Advertising plc £3,500 in August 2017 for data room charges related to fundraising activity.

Parkwalk Advisors Limited

The Non-executive Director of the Company during the period purchased 4,032,258 Ordinary Shares in the IPO in December 2017 at £0.62 per share.

All the related party transactions disclosed above were settled by 31 December 2017 except where stated.

During the year ended 31 December 2017, the Company entered into transactions with its subsidiary companies for working capital purposes, which net off on consolidation – these have not been shown above.

The Directors have authority and responsibility for planning, directing and controlling the activities of the Group and they therefore comprise key management personnel as defined by IAS 24, “Related party disclosures”. Remuneration of Directors and senior management is disclosed in the Remuneration Report.

24. Lease commitments

The Group leases office space under a mixture of short-term licensed deals and longer-term operating leases, expiring within one to nine years. The future minimum lease payments under non-cancellable operating leases are as follows:

Group	2017 £	2016 £
No later than one year	**429,795**	322,675
Later than one year and no later than five years	**1,260,915**	77,168
Later than five years	**1,244,833**	–
Total	**2,935,543**	399,843

25. IFRS conversion

Group reconciliation of equity as at 31 December 2015

	Note	FRS 102 £	IFRS adjustments £	Other adjustments £	IFRS at 31 December 2015 £
Assets					
Non-current assets					
Property, plant and equipment	D	59,240	–	81,504	140,744
Intangible assets	A	1,700,539	35,864	–	1,736,403
Current assets					
Trade and other receivables	B	586,777	76,650	(29,120)	634,307
Cash and cash equivalents		5,824,952	–	–	5,824,952
Total assets		8,171,508	112,514	52,384	8,336,406
Equity and liabilities					
Equity attributable to owners of the parent					
Ordinary Shares		363	–	–	363
Share premium		10,901,926	–	–	10,901,926
Share-based payment reserve	E	–	–	97,517	97,517
Retranslation reserve		(43,127)	–	–	(43,127)
Retained earnings:					
– At start of year		–	–	–	–
– Loss for the year attributable to the owners	C	(3,228,364)	112,514	(76,466)	(3,192,316)
Total equity		7,630,798	112,514	21,051	7,764,363
Liabilities					
Current liabilities					
Trade and other payables	F, G	540,710	–	31,333	572,043
Total liabilities		540,710	–	31,333	572,043
Total equity and liabilities		8,171,508	112,514	52,384	8,336,406

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

25. IFRS conversion *continued*

Group reconciliation of equity as at 31 December 2016

	Note	FRS 102 £	IFRS adjustments £	Other adjustments £	IFRS at 31 December 2016 £
Assets					
Non-current assets					
Property, plant and equipment		49,017	–	–	49,017
Intangible assets	A	1,190,377	431,123	–	1,621,500
Trade and other receivables		–	–	28,634	28,634
Current assets					
Trade and other receivables	B	958,730	–	(57,755)	900,975
Cash and cash equivalents		10,347,394	–	–	10,347,394
Total assets		12,545,518	431,123	(29,121)	12,947,520
Equity and liabilities					
Equity attributable to owners of the parent					
Ordinary Shares		556	–	–	556
Share premium		22,401,586	–	–	22,401,586
Share-based payment reserve	E	–	–	289,564	289,564
Retranslation reserve		(176,397)	–	–	(176,397)
Retained earnings:					
– At start of year		(3,228,364)	112,514	(76,466)	(3,192,316)
– Loss for the year attributable to the owners	C	(7,155,713)	318,609	(314,113)	(7,151,217)
Total equity		11,841,668	431,123	(101,015)	12,171,776
Liabilities					
Current liabilities					
Trade and other payables	F, G	703,850	–	71,894	775,744
Total liabilities		703,850	–	71,894	775,744
Total equity and liabilities		12,545,518	431,123	(29,121)	12,947,520

25. IFRS conversion *continued*

Company reconciliation of equity as at 31 December 2015

	Note	FRS 102 £	IFRS adjustments £	Other adjustments £	IFRS at 31 December 2015 £
Assets					
Non-current assets					
Property, plant and equipment	D	49,572	–	–	49,572
Intangible assets	A	1,700,539	35,864	–	1,736,403
Current assets					
Trade and other receivables	B	432,842	76,650	–	509,492
Cash and cash equivalents	I	5,651,351	–	–	5,651,351
Total assets		7,834,304	112,514	–	7,946,818
Equity and liabilities					
Equity attributable to owners of the parent					
Ordinary Shares		363	–	–	363
Share premium		10,901,926	–	–	10,901,926
Share-based payment reserve	E	–	–	97,517	97,517
Retained earnings:					
– Loss for the year attributable to the owners	C	(3,477,130)	112,514	(110,312)	(3,474,928)
Total equity		7,425,159	112,514	(12,795)	7,524,878
Liabilities					
Current liabilities					
Trade and other payables	F, G	409,145	–	12,795	421,940
Total liabilities		409,145	–	12,795	421,940
Total equity and liabilities		7,834,304	112,514	–	7,964,818

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

25. IFRS conversion *continued*

Company reconciliation of equity as at 31 December 2016

	Note	FRS 102 £	IFRS adjustments £	Other adjustments £	IFRS at 31 December 2016 £
Assets					
Non-current assets					
Property, plant and equipment		27,197	–	–	27,197
Intangible assets	A	1,190,377	431,123	–	1,621,500
Investments		11,796	–	–	11,796
Current assets					
Trade and other receivables	B	568,029	–	(2)	568,027
Cash and cash equivalents	I	10,180,877	–	–	10,180,877
Total assets		11,978,276	431,123	(2)	12,409,397
Equity and liabilities					
Equity attributable to owners of the parent					
Ordinary Shares		556	–	–	556
Share premium		22,401,586	–	–	22,401,586
Share-based payment reserve	E	–	–	289,564	289,564
Retained earnings:					
– At start of year		(3,477,130)	112,514	(110,312)	(3,474,928)
– Loss for the year attributable to the owners	C	(7,536,327)	318,609	(224,575)	(7,442,293)
Total equity		11,388,685	431,123	(45,323)	11,774,485
Liabilities					
Current liabilities					
Trade and other payables	F, G	589,591	–	45,321	634,912
Total liabilities		589,591	–	45,321	634,912
Total equity and liabilities		11,978,276	431,123	(2)	12,409,397

25. IFRS conversion *continued*

Group reconciliation of consolidated statement of profit or loss for the period ended 31 December 2015

	Note	FRS 102 £	IFRS adjustments £	Other adjustments £	IFRS for the period ended 31 December 2015 £
Revenue	H	514,141	—	(170,610)	343,531
Cost of sales		(125,260)	—	—	(125,260)
Gross profit		388,881	—	(170,610)	218,271
Administrative expenses	A, D, E, F, G	(3,656,965)	110,407	(76,466)	(3,623,024)
Other operating income	B, H	—	2,107	170,610	172,717
Operating loss		(3,268,084)	112,514	(76,466)	(3,232,036)
Finance income		—	—	—	—
Finance costs		(1,634)	—	—	(1,634)
Loss before income tax		(3,269,718)	112,514	(76,466)	(3,233,670)
Income tax credit		41,354	—	—	41,354
Loss for the period		(3,228,364)	112,514	(76,466)	(3,192,316)

Group reconciliation of consolidated statement of profit or loss for the year ended 31 December 2016

	Note	FRS 102 £	IFRS adjustments £	Other adjustments £	IFRS for the period ended 31 December 2016 £
Revenue		967,625	—	(256,759)	710,866
Cost of sales		(151,585)	—	(1)	(151,586)
Gross profit		816,040	—	(256,760)	559,280
Administrative expenses	A, D, E, F, G	(8,114,941)	434,143	(314,112)	(7,994,910)
Other operating income	B, H	—	(115,534)	256,759	141,225
Operating loss		(7,298,901)	318,609	(314,113)	(7,294,405)
Finance income		301	—	—	301
Loss before income tax		(7,298,600)	318,609	(314,113)	(7,294,104)
Income tax credit		142,887	—	—	142,887
Loss for the year		(7,155,713)	318,609	(314,113)	(7,151,217)

Notes to the consolidated financial statements *continued*

For the year ended 31 December 2017

25. IFRS conversion *continued*

Company reconciliation of consolidated statement of profit or loss for the period ended 31 December 2015

	Note	FRS 102 £	IFRS adjustments £	Other adjustments £	IFRS for the period ended 31 December 2015 £
Revenue	H	475,863	–	(170,610)	305,253
Cost of sales		(1,225)	–	–	(1,225)
Gross profit		474,638	–	(170,610)	304,028
Administrative expenses	A, D, E, F, G	(3,991,677)	110,407	(110,312)	(3,991,582)
Other operating income	B, H	–	2,107	170,610	172,717
Operating loss		(3,517,039)	112,514	(110,312)	(3,514,837)
Finance costs		(1,445)	–	–	(1,445)
Loss before income tax		(3,518,484)	112,514	(110,312)	(3,516,282)
Income tax credit		41,354	–	–	41,354
Loss for the period		(3,477,130)	112,514	(110,312)	(3,474,928)

Company reconciliation of consolidated statement of profit or loss for the year ended 31 December 2016

	Note	FRS 102 £	IFRS adjustments £	Other adjustments £	IFRS for the period ended 31 December 2016 £
Revenue		777,413	–	(256,759)	520,654
Cost of sales		(799)	–	–	(799)
Gross profit		776,614	–	(256,759)	519,855
Administrative expenses	A, D, E, F, G	(8,455,828)	434,143	(224,575)	(8,246,260)
Other operating income	B, H	–	(115,534)	256,759	141,225
Operating loss		(7,679,214)	318,609	(224,575)	(7,585,180)
Finance income		–	–	–	–
Loss before income tax		(7,679,214)	318,609	(224,575)	(7,585,180)
Income tax credit		142,887	–	–	142,887
Loss for the year		(7,536,327)	318,609	(224,575)	(7,442,293)

25. IFRS conversion *continued*

Notes on IFRS adjustments

A – Capitalised development costs

FRS 102 allows an option to capitalise development costs provided specific criteria are met, but this option was not taken by the Company, despite the criteria being met. Under IFRS an intangible asset arising from the development phase of an internal project must be recognised if certain criteria have been met.

IAS 38 "Intangible assets" has now been implemented, which has led to the recognition of staff costs related to the development of computer software products used by the business. The costs are recognised to the extent they relate to the development phase of the work being carried out. These development costs are being amortised over three years.

B - Grant income

Previously grant income was recognised when quarterly grant claims were actually submitted and the claim amount known, but this has been amended to recognise the grant income on an accruals basis over the period the grant costs were incurred in line with IAS 20 "Government grants and disclosure of government assistance". The impact of this was to reallocate grant income between 2015 and 2016 which gave rise to a corresponding accrued income balance at the end of 2015.

C – Loss for the period/year

This entry represents the retained earnings impact of all the adjustments posted.

Notes on other adjustments

D – Depreciation in India

This adjustment ensures depreciation is appropriately allocated between 2015 and 2016.

E – Share-based payments

IFRS 2 "Share-based payments" has now been applied to share options granted in 2015 and 2016 resulting in a charge in the income statement and a corresponding entry in equity. Previously share-based payments had not been recognised as an expense and they were not deemed material to the FRS 102 financial statements.

F – Holiday pay accrual

IAS 19 "Employee benefits". A holiday pay accrual has been made for annual leave accrued and not taken at the period/year end. No such accrual had previously been recognised in the FRS 102 financial statements.

G – National Insurance on share-based payments

A National Insurance accrual has been recognised in relation to the share-based payments issued to employees. This was previously not recognised and was not deemed material to the FRS 102 financial statements.

H – Operating income

Grant income has reclassified from revenue to other operating income.

I – Cash and cash equivalents

There was no impact on overall cash flows of the IFRS conversion.

26. Post balance sheet events

On 24 April 2018 the Company announced the completion of an investment by Puhua Tianqin Equity Investment Fund Partnership ("Puhua"), a capital fund established in Jinhua in the People's Republic of China.

Puhua has subscribed for 3,225,806 new Ordinary Shares at a price of 62p per share, the same price funds were raised at in Mirriad's IPO on 19 December 2017. The investment raised gross proceeds of approximately £2 million for the Company.

Notice of Annual General Meeting

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000, or an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your shares in the Company, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Mirriad Advertising plc

(incorporated and registered in England and Wales under number 09550311)

Notice of Annual General Meeting

Notice of the Annual General Meeting of Mirriad Advertising plc (the "Company") to be held at One London Wall, London EC2Y 5EB at 10.00 a.m. on 13 June 2018 is set out in this document.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the holding of the Annual General Meeting.

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Mirriad Advertising plc (the "Company") will be held at One London Wall, London EC2Y 5EB at 10.00 a.m. on 13 June 2018 for the purposes of considering and, if thought fit, passing the following resolutions of which Resolutions 1 to 11 (inclusive) will be proposed as Ordinary Resolutions and Resolution 12 will be proposed as a Special Resolution.

Ordinary business

1. To receive and consider the Directors' Report, the audited financial statements and Independent Auditors' Report for the year ended 31 December 2017.
2. To receive and approve the Remuneration Report contained within the Annual Report and Accounts for the year ended 31 December 2017.
3. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at which accounts are laid before the members of the Company.
4. To authorise the Directors of the Company ("the Directors") to fix the remuneration of the auditors.
5. To re-elect Mr. Roger Faxon as a Director of the Company, who retires in accordance with the articles of association of the Company.
6. To re-elect Mr. Mark Reilly as a Director of the Company, who retires in accordance with the articles of association of the Company.
7. To re-elect Mr. Alastair Kilgour as a Director of the Company, who retires in accordance with the articles of association of the Company.
8. To re-elect Mr. Anthony John Pearson as a Director of the Company, who retires in accordance with the articles of association of the Company.
9. To re-elect Mr. Mark Popkiewicz as a Director of the Company, who retires in accordance with the articles of association of the Company.
10. To re-elect Mr. David Dorans as a Director of the Company, who retires in accordance with the articles of association of the Company.

Special business

11. That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to:

    (a) allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares in the Company (such shares and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £350 (such amount to be reduced by the nominal amount of any allotment or grants made under paragraph (b) below in that are in excess of £350; and further

    (b) allot equity securities of the Company (as defined in section 560 of the Act) up to an aggregate nominal amount of £701 (such amount to be reduced by the nominal amount of any allotment or grants made under paragraph (a) above) in connection with an offer by way of a rights issue:

    (i) in favour of holders of Ordinary Shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of Ordinary Shares in the capital of the Company held by them; and

    (ii) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractions of such securities, the issue, transfer and/or holding of any securities in certificated form or in uncertificated form, the use of one or more currencies for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares or any legal, regulatory or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory or any other matter whatsoever,

    provided that (i) unless previously revoked, varied or extended, such authorities shall expire on the earlier of the conclusion of the Company's next Annual General Meeting and the date falling 15 months after the date of the passing of this resolution, and (ii) before such expiry the Company may make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot such relevant securities pursuant to any such offer or agreement as if the authority conferred by this Resolution 11 had not expired.

Notice of Annual General Meeting *continued*

Special business *continued*

12. That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and are hereby generally empowered to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by Resolution 11 above (in accordance with section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with section 573 of the Act), in each case as if section 561(1) of the Act did not apply to any such allotment provided that:

    (a) such power shall be limited to:

    (i) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of (i) Resolution 11, by way of a rights issue only):

    (A) in favour of holders of Ordinary Shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of Ordinary Shares in the capital of the Company held by them; and

    (B) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractions of such securities, the issue, transfer and/or holding of any securities in certificated form or in uncertificated form, the use of one or more currencies for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares or any legal, regulatory or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory or any other matter whatsoever; and

    (ii) the allotment of equity securities, other than pursuant to sub-paragraph (i) above, up to an aggregate nominal amount of £105; and

    (b) unless previously revoked, varied or extended, such authorities shall expire on the earlier of the conclusion of the Company's next Annual General Meeting and the date falling 15 months after the date of the passing of this resolution except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot such relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

By order of the Board

Catherine Shennan
Company Secretary
18 May 2018

Registered office
6th Floor
One London Wall
London
EC2Y 5EB

Registered in England and Wales No. 09550311

Explanatory notes to the resolutions

Resolution 1 – Receiving the accounts and reports

All public limited companies are required by law to lay their annual accounts before a general meeting of the Company, together with the Directors' Report and Auditors' Report on the accounts. At the Annual General Meeting, the Directors will present these documents to the members for the financial year ended 31 December 2017.

Resolution 2 – Directors' Remuneration Report

The Company is required to put an ordinary resolution to members approving the report at the meeting at which the Company's Annual Report and Accounts for that year are laid.

Resolution 3 – Re-appointment of auditors

This resolution concerns the re-appointment of PricewaterhouseCoopers LLP as auditors until the conclusion of the next general meeting at which accounts are laid, that is, the next Annual General Meeting.

Resolution 4 – Auditors' remuneration

This resolution authorises the Directors to fix the auditors' remuneration.

Resolutions 5 to 10 – Re-election of Directors

These resolutions concern the re-election of all of the Directors of the Company, who are retiring at the first Annual General Meeting since the Company's admission to AIM in accordance with article 88.1(a) of the Company's articles of association.

Resolution 11 – Directors' power to allot shares

This resolution grants the Directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £350, representing approximately 33.33% of the nominal value of the issued Ordinary Share capital of the Company as at 17 May 2018, being the latest practicable date before publication of this notice. In addition, in accordance with guidelines issued by the Investment Association, this resolution grants the Directors authority to allot further equity securities up to an aggregate nominal value of £701, representing approximately 66.66% of the nominal value of the issued Ordinary Share capital of the Company as at 17 May 2018, being the latest practicable date before publication of this notice. This additional authority may be only applied to fully pre-emptive rights issues.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the passing of the resolution, whichever is the earlier.

Resolution 12 – Directors' power to issue shares for cash

This resolution authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or other pre-emptive issue or the allotment is limited to a maximum nominal amount of £105, representing approximately 10% of the nominal value of the issued Ordinary Share capital of the Company as at 17 May 2018, being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

The Company may hold any shares it buys back "in treasury" and then sell them at a later date for cash rather than simply cancelling them. Any such sales are required to be made on a pre-emptive, pro-rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary Shares on a non-pre-emptive basis, Resolution 12 will also give Directors power to sell Ordinary Shares held in treasury on a non-pre-emptive basis, subject always to the limitations noted above.

The Directors consider that the power proposed to be granted by Resolution 12 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

Unless revoked, varied or extended, the authorities conferred by Resolution 12 will expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

Notes to Notice of Annual General Meeting

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent you. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars on 0370 702 0150. Calls cost 12p to 14p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. They are open between 8.30 a.m.–5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

Notes to Notice of Annual General Meeting *continued*

2. To be valid, the proxy form must be completed and lodged, together with the original power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power or authority, with the Company's registrars, Computershare Investor Services Plc, by hand only to Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or in accordance with the replied paid details, not less than 48 hours before the time appointed for holding the Annual General Meeting.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 7 below) will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so (although voting in person at the Annual General Meeting will terminate the proxy appointment).
4. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at the close of business on 11 June 2018 (or, if the Annual General Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
5. As at 17 May 2018 (being the last business day prior to the publication of this notice of meeting) the Company's issued share capital consisted of 105,122,717 Ordinary Shares in the capital of the Company, carrying one vote each. Therefore, the total voting rights in the Company as at 17 May 2018 were 105,122,717.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (CREST ID No. 3RA50) by 10.00 a.m. on 11 June 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Any corporation which is a member can either (i) appoint a proxy (described in notes 1 to 3 above) or (ii) appoint one or more corporate representatives, who may exercise on its behalf all of its powers as a member provided they do not do so in relation to the same shares. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
11. A copy of this notice, and other information required by section 311A of the Act, can be found at mirriadplc.com/investor-relations
12. You may not use any electronic address provided either in the Notice of Annual General Meeting or any related documents (including the Chairman's letter and proxy form) to communicate for any purposes other than those expressly stated.
13. Voting on all resolutions will be conducted by way of a poll. This is a more transparent method of voting as shareholders' votes are counted according to the number of shares registered in their names.
14. The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends:
    (a) copies of the service contracts of the Executive Directors of the Company; and
    (b) copies of the letters of appointment of the Non-executive Directors of the Company.

Company information

Directors

Roger Faxon
Chairman

Mark Popkiewicz
Chief Executive Officer

David Dorans
Chief Financial Officer

Alastair Kilgour
Non-executive Director

John Pearson
Non-executive Director

Dr Mark Reilly
Non-executive Director

Company registration number
09550311

Registered office
6th Floor
One London Wall
London
EC2Y 5EB

Company website
www.mirriad.com

Independent auditors

PricewaterhouseCoopers LLP
3 Forbury Place
23 Forbury Rd
Reading
RG1 3JH

Solicitors

Osborne Clarke LLP
6th Floor
One London Wall
London
EC2Y 5EB

Company Secretary
Catherine Shennan

Nominated adviser and broker

Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

Financial PR

Hudson Sandler LLP
29 Cloth Fair
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