27 September 2018

appScatter Group plc

("appScatter", the "Company" and together with its subsidiaries the "Group")

Interim results for six months ended 30 June 2018

appScatter Group plc (AIM: APPS), the intelligent app management platform, is pleased to report its unaudited interim results for the six months ended 30 June 2018.

Financial highlights

- Stable revenue achieved notwithstanding management's focus on the acquisition of Priori Data with an increase of 3% to £904,000 (H1 2017: £875,000)
- Gross profit of £364,000 compared with a loss of £30,000 for H1 2017
- £2.6 million in cash at 30 June 2018 (H1 2017: £222,940)
- £3.1 million raised for Priori Data acquisition and working capital at 70p per share (a 20.7% premium at that time)

Operational highlights

- Launch of appScatter Market Place to offer new products
- GDPR App Security Scanning service launched
- ISO 27001 Certification achieved
- appScatter Trademark approved
- New partnerships include IronSource, Airpush and AppInChina

Operational KPIs

- 54% increase in daily data collection on total unique app URLs from 842 million to 1.3 billion
- Unique apps tracked daily increased by 53% from 7.2 million to 11 million
- Publishers tracked each day increased by 88% from 1.7 million to 3.2 million
- 900,000 apps daily across 3.5 billion devices following the new data gained from the Priori acquisition

Post-period highlights

- Completion of acquisition of Priori Data for a consideration of £13.5 million
- £2.6 million raised at 70p per share, a premium to the IPO price
- New advisory board members identified
- Strong pipeline of prospective enterprise customers

Philip Marcella, appScatter CEO, commented:

"In the first half of 2018 we were focused on acquiring Priori Data and this subsequently completed shortly after the period end. This is a transformational acquisition which has enabled us to combine the appScatter platform with the significant amounts of data held by Priori Data. appScatter now holds an impressive suite of data now which is resonating well with clients and has begun to translate into revenue increases in the second half of the year.

Operationally, we have seen significant increases across our core operational driven data KPIs and with a strong pipeline of prospective enterprise customers, we remain confident of the opportunities ahead of us and look forward to completing the integration of Priori Data and the continued growth of appScatter and its client base in the second half of 2018."

For enquiries, please contact:

appScatter Group plc Philip Marcella, Chief Executive Officer	Tel: +44 (0)20 8004 7212 www.appscatter.com
Smith & Williamson Corporate Finance Limited *Nominated Adviser and Joint Broker* Azhic Basirov / Ben Jeynes / David Jones	Tel: +44 (0)20 7131 4000 www.smithandwilliamson.com
Stifel *Joint Broker* Alex Price / Ben Maddison	Tel: +44 (0)20 7710 7600 www.stifel.com
IFC Advisory *Financial PR and IR* Graham Herring / Heather Armstrong / Florence Chandler	Tel: +44 (0) 20 3934 6630 https://www.investor-focus.co.uk/

appScatter is a scalable B2B mobile app management platform with its own data intelligence stack. We track and collect daily data from 1.3 billion unique app URLs across 252 territories. In addition, we have daily audience data on 3.5 billion mobile devices covering 900,000 apps.

The Groups app management platforms has 3 core focus areas:

1. **Mobile Asset Management:** The ability to manage the distribution of apps across multiple app stores with full reporting on downloads, sales, in-app-purchasing and advertising revenues. Users can access other tools including App Store Optimisation and keyword optimisation.

2. **Data Intelligence:** Quantitative and qualitative insights on the performance of more than 4 million apps. Including Daily Active Users (DAU), Monthly Active

Users (MAU), Average Revenue per Daily Active User (ARPDAU), retention rates, downloads, store revenue, top chart ranks, keyword ranks. We track top performers, top growers, keywords, ranks, version updates, and niche markets.

3. **Security & Regulatory Compliance:** Identifies if EU General Data Protection Regulation ("GDPR") regulations have been implemented and are being adhered to. Clients can check for data breaches and identify where apps could allow unauthorised access to private data.

Chairman's statement

Introduction

I am pleased to present this interim report covering the six months ended 30 June 2018.

The most significant achievement to date in 2018 was completed just after the end of the period under review. We acquired Priori Data GmbH ("Priori Data"), a Berlin based data company, for a consideration of £13.5 million - the majority of which was satisfied through the issue of new ordinary shares in the Company at an effective issue price of 70 pence per ordinary share.

The completion of the Priori Data acquisition inevitably consumed much of the attention of the management team which lead to the timing of the roll out of the appScatter platform to the app developer community being delayed. Nevertheless, revenues for the first half of 2018 were stable at £904,000 compared with £874,000 in the corresponding period in 2017.

More importantly the combination of the appScatter platform with the data and customer contacts of Priori Data has already led to the enlarged Group winning significant new contracts with Enterprise customers which demonstrates the importance of management having focused on this during the period under review.

The Company is now focused on winning more Enterprise customers, where individual annual contract values can exceed £1 million.

Further details of how our business model is adapting to the dynamics of the market place are set out in the CEO report.

Corporate governance

As required by recent amendments to the AIM Rules for Companies, which come into force on 28 September 2018, the Company has conducted a thorough review of its corporate governance practices and procedures. The board fully endorses the importance of good governance and has chosen to apply the QCA Corporate Governance Code (the "QCA Code"), published by the Quoted Companies Alliance, which the board believes to be the most appropriate recognised governance code for a company of appScatter's size and with its shares admitted to trading on AIM. We have today posted the details of how we comply with accepted best practice under the QCA Code on the Company's website.

As appScatter evolves, we will continue to look to ensure that the board is sufficiently equipped and strengthened to further support the journey of the Group through its next stage of growth and subsequent future international expansion. It is currently intended that the board will also, in future, be supported by an advisory board composed of individuals with expert technology and business experience that have been identified as being able to aid appScatter in our journey. Further announcements will be made, as appropriate, in this regard.

Current trading and outlook

The acquisition of Priori Data is transformational and allows the Group to address the opportunities in the market by combining the appScatter platform with the data and customer base of Priori Data.

The Group is already winning new customers on the basis of the compelling offering of the combined Group, the financial benefits of which are not reflected in these interim results but will come through over the coming months and next financial year in a steadily growing revenue base. That said, we have already seen the benefit of the impact of the Priori Data acquisition with revenues for July and August 2018, the first two months as a combined entity, materially above the same period last year. We therefore expect our full year revenue figure to exceed that of 2017.

Competition in our chosen markets has to date been limited. This will not always be the case and we remain focussed on developing the Group's first mover advantage by both continued product development and acquisitions.

In particular we intend to make further acquisitions where the board believes the target can add real value to the appScatter offering and to the medium-term valuation of the business.

We thank our appScatter staff and advisers for their continued hard work, welcome our new colleagues from Priori Data to the appScatter Group and continue to appreciate the ongoing support of appScatter shareholders.

We continue to see a favourable market place for the products and services the Group already has and those it plans to develop. We therefore look forward to the future with confidence.

Clive Carver

Non-executive Chairman

27 September 2018

Chief Executive's report

Introduction

I am pleased to report on the continued development of the appScatter Group as we mark the one-year anniversary of admission to AIM. It is our mission to be the number one ecosystem for businesses with a stake in the mobile app industry. We enable our clients to uncover insights and actionable intelligence to make informed decisions when managing their mobile assets.

In the period under review and subsequently, we have added to our product range. We now have two platforms, over the next twelve months we intend to merge these together creating one new unique app management and data intelligence stack.

New products launched during the period include:

- app management tools such as keyword intelligence and app-store optimisation
- an increased selection of ad-networks, which now cover over 45% of the market
- new data products covering market and app intelligence and our new audience usage data which covers 3.5 billion devices daily
- IP from the Priori Data acquisition has made it possible to release a new suite of security and threat analysis tools, including GDPR app compliance scanning

Although the number of businesses and individuals that have registered their interest in using our platforms has risen by 350% from 10,000 last year, we are now concentrating on growing our active user base which is currently over 4,800. Many of our paying customers use our platforms on a campaign basis therefore the number can be variable, but we have expanded our customer base to over 400. Since the acquisition of Priori Data, we are also seeing many significant contract wins and renewals from the likes of Hewlett Packard, Amadeus and Bain & Co.

This year also saw the beginning of new partnership agreements with Airpush, Iron Source and AppInChina.

Financial review

Revenue for the first six months of 2018 was 3% ahead of the same period in 2017. As mentioned in the statement of the Company's Chairman, the important acquisition of Priori Data occupied a significant portion of management time during the period under review.

We raised £3.0 million during the period and a further £2.6m since the end of the period (both before expenses and at a significant premium to the prevailing share price). A portion of these funds were used to complete the acquisition of Priori Data and the balance is being used to fund working capital. At the end of June 2018 our cash balance was £2.6 million up from £0.2 million at the same point last year.

Business model

When appScatter was first admitted to trading on AIM in September 2017, we initially focused on app management with app distribution. Over the past year we have developed, through innovation and acquisition, into a Group that offers a range of products to a customer base which includes many major multinational corporate clients.

appScatter is a B2B mobile app management platform with its own data intelligence stack. We collect data daily from over 1.3 billion app URL's from 11 million apps across 252 territories. In addition, we observe 900,000 apps on 3.5 billion devices daily. This enables us to provide a range of products covering 3 main areas, mobile asset management, data intelligence and security and regulatory compliance.

Data

Data is an integral part of appScatter's business model and it is an essential part of the products that we offer. We are able to offer our customers app analytics from around the globe in a variety of forms including public, private and device data. The board believes that there are currently no direct competitors to the Company that offer a similar breadth of tools to those offered on appScatter platform.

At the time of the IPO, appScatter was collecting, on a daily basis, data from 842 million app URLs from 7.2 million apps whilst monitoring 1.7 million active app publishers. We have improved these numbers during the first half of the year, now collecting, on a daily basis, over 1.3 billion app URLs from 11 million apps whilst monitoring 3.2 million active app publishers. In addition, we observe 900,000 apps on 3.5 billion devices daily.

Regulation

At the time of the IPO we committed to gaining ISO 27001 certification within 24 months. The Company delivered against this milestone ahead of timetable in June 2018, and can now provide an independent, expert verification to assure that information security is managed in line with international best practice and business objectives. Though not obligatory, we have implemented this standard to reassure our customers and clients that we aim to meet a gold standard.

Acquisition

We were pleased to report that in July 2018 appScatter completed the acquisition of Priori Data for £13.5 million.

The Priori Data acquisition is a key milestone for appScatter which provides appScatter with new data analytics and intelligence. This data is of fundamental importance in such a rapidly developing sector and, critically, of a similar importance to prospective Enterprise customers.

The acquisition of Priori Data has materially enhanced our product range, user base, partner group and the capabilities of our team.

The initial integration of Priori Data into the Group has been successful, and the business is performing well, producing new opportunities for the combined Group. Based on progress to date, the full integration of the appScatter and Priori Data platforms is expected to be concluded by Q2 2019.

Market

Mobile Asset Management

The market in which we operate in is significant and growing. There are over 300 app stores worldwide and appScatter tracks data from 75 app stores across the globe. While Apple and Google Play app stores are currently estimated to account for a combined 85% US downloads, this decreases to around 62% of EU downloads and only 24% of downloads in China.

Data Intelligence

The global app analytics market size is expected to grow from US$1 billion in 2018 to US$3 billion by 2023, at a CAGR of 22.1% during the forecast period.

Security & Regulatory Compliance

From our data we have established that 43% of all apps in the Apple and Google Play stores have not been updated in the last 12 months and many of these have not been updated in more than two years. As GDPR only came into effect earlier this year many apps are in breach of GDPR. As described below, the appScatter security-based services include means of identifying potential GDPR non-compliance issues.

Product

appScatter is mobile app management platform with its own data intelligence stack. We offer over 50 free and paid for app management related products and our own in-app Billing SDK (Software Developer Kit).

Mobile Asset Management

Our mobile asset management platform includes a complete suite of app tools to allow clients to manage their app portfolios.

- App Distribution and Workflow: distribute and update apps on 75 app stores worldwide.
- Keyword Optimisation: determine organic downloads generated by keywords for ASO.
- Downloads & Revenues: aggregate sales and downloads from 75 app stores.
- Advertising Revenues: review mobile advertising metrics from major networks.
- Top Charts & Rankings: view historical and current ranking data for any app across multiple stores.
- Telemetry Services: integrated telemetry technology, allows the tracking of core, app-centric metrics and combining them with supporting systems to build a complete picture of app performance.
- Review and certification: custom built to include bespoke security best practice, brand guideline (MSDX), localisation certification.

Data Intelligence

Our Data Intelligence stack enables clients to research, benchmark, and track their competition in one place.

- Market Intelligence: powerful market screening for sizing and lead generation.
- App Intelligence: performance insights on individual apps, across multiple countries and time periods with daily granularity.
- Audience Intelligence: including detailed location, cross-app ownership and device information including models and distribution down to city level location data.

- Usage Intelligence: powered by the largest and most diverse data sample in the industry allowing clients to see estimates available for over 4 million apps.
- Competitive Intelligence: offers market insights and competitor intelligence.

Security & Regulatory Compliance

Our new security-based services include a range of reports to identify threats and security weaknesses.

- App audit report: identify apps most at risk for GDPR compliance, security breaches and unauthorised access of private data.
- Threat likelihood reporting: uses our intelligence and app store data to assign a risk likelihood score for prioritising further deeper scanning.
- App security scanning: reviews permissions and encryption levels.
- Deep Dive Scanning: checks if malicious code has been injected, if suitable encryption is used, reviews coding standards known vulnerabilities.

Outlook

The appScatter and Priori Data teams are very excited about the next 12 months. We will be improving operational efficiencies by consolidating the Priori Data technology with appScatter's existing platform into a single appScatter product - improving the Group's ability to deliver features as well as reducing our operational cost base.

In addition to improvements in our technology we continue to look at revenue generating enhancements through our threat analysis offering and improvements to our data intelligence services by providing SDK Usage and Creative intelligence as well as a new browser plugin to allow users to see data in their browser directly from the appScatter platforms.

With our sound operational foundation, our concentration will be on sales and revenue generation. We have begun recruiting to expand our sales force considerably to support this focus. With an increasingly international customer base, we have taken an additional office in New York to support our client needs as well as maximising on international sales opportunities.

We will continue to seek to strengthen our board of directors, including the appointment of a new board level and a new advisory board is being formed, consisting of industry specialists, to assist the management in achieving new large enterprise customers.

We look forward the continued growth of the combined company and I would to take this opportunity to personally like to thank all our shareholders for their support in appScatter Group PLC.

Philip Marcella

Chief Executive Officer

27 September 2018

Consolidated income statement

For the six months ended 30 June 2018

	6 months to 30 June 2018	**6 months to 30 June 2017**	**12 months to 31 December**
Revenue	904,169	874,670	1,937,020
Cost of sales	(540,134)	(905,155)	(856,101)
Gross margin	**364,035**	**(30,485)**	**1,080,919**
Other income	-	218,946	-
Administrative expenses	(3,753,359)	(2,463,233)	(7,373,552
Operating loss	**(3,389,325)**	**(2,274,772)**	**(6,292,633)**
Finance income	83	-	397
Finance expenses	(28,040)	(34,813)	(48,326)
Loss before income tax	**(3,417,282)**	**(2,309,585)**	**(6,340,562)**
Tax credit	-	-	500,000
Loss for the period	**(3,417,282)**	**(2,309,585)**	**(5,840,562)**
Other comprehensive income			
Exchange gains / (losses) arising on the translation of foreign subsidiaries	(9,615)	34,721	(55,405)
Total comprehensive loss for the period attributable to the owners	**(3,426,897)**	**(2,274,864)**	**(5,895,967)**
Loss per share - basic	0.05	0.18	0.11
Loss per share - diluted	0.05	0.18	0.11

Consolidated Statement of Financial Position
At 30 June 2018

	Note	**30 June 2018**	**30 June 2017**	**31 December 2017**
Non-current assets				
Intangible assets	3	1,942,115	905,430	1,444,349

Total non-current assets		**1,942,115**	**905,430**	**1,444,349**
Current assets				
Trade & other receivables	4	5,358,444	2,853,044	3,464,229
Cash & cash equivalents		2,626,229	222,940	3,781,109
Total current assets		**7,984,673**	**3,075,984**	**7,245,338**
Total assets		**9,926,789**	**3,981,414**	**8,689,687**
Share capital		3,378,523	19	3,158,907
Share premium		8,951,166	19,971,826	6,672,740
Share option reserve		793,590	306,135	528,876
Merger reserve		18,494,869	-	18,494,869
Reverse acquisition reserve		(4,422,859)	(4,422,859)	(4,422,859)
Foreign exchange reserve		(69,212)	11,299	(78,827)
Retained earnings		(20,587,750)	(13,639,491)	(17,170,468)
Total equity		**6,538,328**	**2,226,929**	**7,183,238**
Current liabilities				
Trade & other payables	5	3,388,460	1,620,443	1,506,449
Loans & borrowings		-	134,042	-
Total current liabilities		**3,388,460**	**1,754,485**	**1,506,449**
Total liabilities		**3,388,460**	**1,754,485**	**1,506,449**
Total equity & liabilities		**9,926,789**	**3,981,414**	**8,689,687**

Consolidated Statement of Changes in Equity

At 30 June 2018

	Share Capital	Share Premium	Shares to be issued	Share Option Reserve	Merger Reserve	Reverse acquisition reserve	Foreign exchange reserve	Retained earnings	Total
At 1 January 2017	**15**	**14,113,751**	**4,824,227**	**-**	**-**	**(4,422,859)**	**(23,422)**	**(11,329,906)**	**3,161,806**
Loss for the period	-	-	-	-	-	-	-	(2,309,585)	**(2,309,585)**
Other comprehensive income									
FX Gains / (Losses)	-	-	-	-	-	-	34,721	-	**34,721**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**34,721**	**(2,309,585)**	**(2,274,864)**
Shares issued - appScatter Ltd	4	5,858,075	-	-	-	-	-	-	**5,858,079**
Unpaid shares to be issued	-	-	(4,824,227)	-	-	-	-	-	**(4,824,227)**
Share option reserve	-	-	-	306,135	-	-	-	-	**306,135**
At 30 June 2017	**19**	**19,971,826**	**-**	**306,135**	**-**	**(4,422,859)**	**11,299**	**(13,639,491)**	**2,226,929**
Loss for the period	-	-	-	-	-	-	-	(3,530,977)	**(3,530,977)**
Other comprehensive income									
FX Gains / (Losses)	-	-	-	-	-	-	(90,126)	-	**(90,126)**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**(90,126)**	**(3,530,977)**	**(3,621,103)**
Shares issued pre-IPO	-	-	-	-	989,623	-	-	-	**989,623**
appScatter Ltd acquired by PLC	2,466,580	(19,971,826)	-	-	17,505,246	-	-	-	**-**
Issue of share capital on IPO	692,308	8,307,692	-	-	-	-	-	-	**9,000,000**
Expenses associated with Placing	-	(1,634,952)	-	-	-	-	-	-	**(1,634,952)**
Share options issued	-	-	-	222,741	-	-	-	-	**222,741**
At 31 December 2017	**3,158,907**	**6,672,740**	**-**	**528,876**	**18,494,869**	**(4,422,859)**	**(78,827)**	**(17,170,468)**	**7,183,238**
Loss for the period	-	-	-	-	-	-	-	(3,417,282)	**(3,417,282)**
Other comprehensive income									
FX Gains / (Losses)	-	-	-	-	-	-	9,615	-	**9,615**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**9,615**	**(3,417,282)**	**(3,407,667)**
Shares issued	219,616	2,855,008	-	-	-	-	-	-	**3,074,624**
Expenses associated with Placing	-	(576,582)	-	-	-	-	-	-	**(576,582)**
Share options issued	-	-	-	264,714	-	-	-	-	**264,714**
At 30 June 2018	**3,378,523**	**8,951,166**	**-**	**793,590**	**18,494,869**	**(4,422,859)**	**(69,212)**	**(20,587,750)**	**6,538,328**

Consolidated Statement of Cash flows

For the six months ended 30 June 2018

	30 June 2018	30 June 2017	31 December 2017
Cash flows from operating activities			
Operating loss after taxation	(3,417,282)	(2,309,585)	(5,840,562)
Adjustments for:			
Finance expenses	28,040	34,813	48,326
Finance income	-	-	(397)
Amortisation	432,628	-	729,202
Share based payments charge	264,714	306,135	528,876
Tax Credit	-	-	500,000
Exchange differences	921	-	12,324
Unrealised gain	9,615	67,594	-
Operating loss before working capital changes	**(2,681,364)**	**(1,901,043)**	**(4,022,231)**
Changes in working capital			
(Increase) / decrease in trade & other receivables	(293,601)	(2,575,683)	(2,773,058)
Increase / (decrease) in trade & other payables	923,999	1,716,917	(1,392,659)
Net cash used in operations	**(2,050,966)**	**(2,759,809)**	**(8,187,948)**
Investing activities			
Purchase of intangible assets	(931,315)	-	(1,282,178)
Interest received	-	-	397
Funds placed on deposit for the Priori acquisition	(1,829,774)	-	-
Net cash flows used in investing activities	**(2,761,089)**	**-**	**(1,281,781)**
Financing activities			
Net proceeds from loans	-	(151,453)	-
Interest paid	-	(34,813)	(48,326)
Cash received on shares to be issued	1,159,134	-	-
Issue of ordinary shares (net of expenses)	2,498,042	3,168,789	13,298,938
Net cash flows from financing activities	**3,657,176**	**2,982,523**	**13,250,612**
Net change in cash and equivalents	(1,154,879)	222,714	3,780,883
Cash and equivalents at the beginning of the period	3,781,109	226	226
Cash and equivalents at the end of the period	**2,626,230**	**222,940**	**3,781,109**

Notes to the consolidated interim financial statements

1. Accounting policies

1.1. Reporting entity

appScatter Group plc is a public limited company incorporated and domiciled in England and Wales and quoted on AIM. The registered office of the Company is Salisbury House, London Wall, London, England, EC2M 5PS. The registered company number is 10706264.

The Directors of appScatter Group plc are responsible for the financial information.

1.2. Basis of preparation

The principal accounting policies applied in the preparation of the financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated below.

The financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union. The interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial statements for the year ended 31 December 2018 and were applied in the Group's statutory financial statements for the year ended 31 December 2017.

The presentation currency of the financial information is Pound Sterling (£) rounded to the nearest pound. The Company, and appScatter Limited's functional currency is Pound Sterling (£) and its other subsidiaries' functional currency is US Dollar (US$).

1.3. Composition of the group

appScatter Group PLC was incorporated on 3 April 2017. The Company acquired the share capital of the trading entity, appScatter Limited, on 21 August 2017. Therefore, these consolidated financial statements for the period ended 30 June 2018, including the comparative financials the period ended 30 June 2017 represent the trading results of appScatter Limited (a company with the same registered address as the appScatter Group PLC) and its subsidiaries (appScatter LLC and DSH Labs LLC) and the Company's results from the date of incorporation.

The Company's subsidiaries are:

- appScatter Limited registered in England and Wales with the registration number 09786498
- appScatter LLC registered in Delaware with the federal ID number 46-3445738
- DSH Labs LLC registered in Delaware with the federal ID number 46-3918193

1.4. Going concern

The consolidated entity has incurred a loss after tax of £3,417,282 for the six months ended 30 June 2018 (2017: loss of £2,309,585) and had a net cash outflow from operations of £2,050,966 (2017: £2,759,809).

The accounts have been prepared on a going concern basis. The loss and cash outflow have been incurred as the Group is still in a growth phase as it develops its platform and customer propositions while at the same time integrating the Priori operation. Further detail on the trading prospects of the Group are included in the Chief Executives report above.

The board have prepared cash flow forecasts under various scenarios including those with conservative growth projections and where costs are reduced accordingly. Whilst significant revenue growth is expected in the coming year, the recent new equity provides sufficient funding even with limited sales growth. The Directors consider that the Group has sufficient cash to fund operations for at least the next twelve months from the date of this report.

1.5. Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiaries ("the Group") as if they formed a single entity for the full period or, in the case of acquisitions, from the date control is transferred to the Group. The Company controls an entity when the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities. The entity which it controls it is classified as a subsidiary. Intercompany transactions and balances between Group companies are therefore eliminated in full.

1.6. Business combinations

Acquisition of appScatter LLC by appScatter Limited

On 18 May 2016 appScatter Merger Sub LLC, a subsidiary of appScatter Limited was merged with and into appScatter LLC, with the latter company continuing as the surviving entity. The entire issued share capital of appScatter LLC was for acquired for a consideration of £12,659,030 and this was satisfied by the issue of 9,967,740 shares in appScatter Limited.

The board have treated the acquisition as a reverse takeover, after identifying appScatter LLC (the accounting acquirer or "appScatter") as the acquirer under IFRS 3 'Business Combinations'. In addition, this transaction cannot be considered a business combination, as appScatter Limited did not meet the definition of a business, under IFRS 3 'Business Combinations'. Based on available guidance, the difference on consolidation arising on such transactions should be treated as a share-based payment transaction and therefore accounted for under IFRS 2 'Share-based payment'. Any difference between the consideration transferred, which is the fair value of the shares deemed to have been issued by appScatter and the fair value of appScatter Limited's identifiable net assets represents service received by the accounting acquirer. This deemed cost on reverse takeover is expensed to profit or loss.

The fair value of the consideration transferred is calculated using the number of appScatter's shares that would have been issued to the owners of appScatter Limited on the acquisition date to give them an equivalent ownership interest in appScatter as it has in the combined company at the share price of the Company at the acquisition date. The fair value of each share of the Company is deemed to have been issued by appScatter is based on the fair value of the share price of appScatter Limited at the time of the acquisition, which was the market price third party investors were subscribing for new shares at shortly before the transaction.

Although the consolidated financial information has been issued in the name of the Company, the legal parent, it represents in substance continuation of the financial information of appScatter LLC and DSH LLC, its subsidiary ("appScatter subgroup").

The assets and liabilities of appScatter subgroup are recognised and measured in the Group financial statements at the pre-combination carrying amounts and not re-stated at fair value.

Acquisition of appScatter Limited by appScatter Group PLC

On 21 August 2017 appScatter Limited was acquired by appScatter Group PLC. The entire issued share capital of appScatter Limited was acquired for a consideration of £32,065,792 and this was satisfied by the issue of 49,331,988 shares in appScatter Group PLC in a share for share exchange.

The board have treated the acquisition as a group reconstruction under FRS 102. IFRS does not contain requirements for accounting for common control transactions and an accounting policy for accounting for the transaction therefore needs to be formulated based on other available guidance. Management has chosen to use FRS102 as a reference. appScatter group PLC was incorporated a short time before the combination with an identical ownership structure to appScatter Limited with the sole purpose of completing the acquisition of appScatter Limited to facilitate the initial public offering and listing on AIM.

Group reconstructions can be accounted for using merger accounting where the use of merger accounting is not prohibited by law, where the ultimate equity holders remain the same and no non-controlling interest is altered by the transaction. The combination of appScatter Group plc and appScatter Limited meets all three of these criteria.

The carrying values of assets and liabilities are not adjusted to fair value and the difference between the nominal value of the shares issued and the nominal value of the shares received has been transferred to the merger reserve and is shown in the statement of changes in equity.

The results and cash ï¬‚ows of all the combining entities have been brought into the ï¬nancial statements of the combined entity from the beginning of the ï¬nancial year in which the combination occurred, adjusted so as to achieve uniformity of accounting policies. The comparative information did not need to be restated as appScatter Group plc was incorporated during 2017 and thus figures reported in the Admission document represent the Group in 2016.

1.7. Foreign Currency

The main functional currencies for the Company's US registered subsidiaries are US$.

(i) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(ii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Share capital, share premium and brought forward earnings are translated using the exchange rates prevailing at the dates of the transactions.

1.8. Consolidation of foreign entities

On consolidation, results of the foreign entities are translated from the local functional currency to Pound Sterling using average exchange rates during the period. All asset and liabilities are translated from the local functional currency to Pound Sterling using the reporting period end exchange rates. These exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in a separate component of equity.

Post transition exchange differences are recycled to profit or loss as a reclassification adjustment upon disposal of the foreign operation.

1.9. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

1.10. Sale of software licences

The Group sells licences to use its software products either on a rental basis for a fixed period of time. Revenue fromlicenses sold on a rental or subscription basis is recognised over the period for which the Group has obligations under the contract.

1.11. Intangible assets

Externally acquired: developed technologies

The externally acquired developed technologies which are the distribution platform for mobile applications are initially recognised at cost. This asset will be amortised over its useful life when it is being sold or used. Subsequent to initial recognition, this intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired during the period. The amortisation period and amortisation method with a finite useful life are reviewed annually at year end. The assets are being amortised over three reporting years.

The assessment of the future economic benefits generated by the above intangible asset involves a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of this intangible asset.

Research and development

Research expenditure is recognised in income statement in the period in which it is incurred.

Internal development expenditure is capitalised only if it meets the recognition criteria of IAS 38 'Intangible Assets'. Where the criteria are not met, the expenditure is expensed to income statement. At each reporting year, £1.2m has met recognition criteria and been capitalised in 2017. This expenditure is being amortised over an expected useful economic life of three years.

2. Loss per share

	Six months ended 30 June 2018	Six months ended 30 June 2017	Twelve months ended 31 December 2017
Loss per share £	£	£	£
Loss for the year and earnings used in basic & diluted EPS	(3,417,282)	(2,309,585)	(5,572,650)
Weighted number of average shares	63,251,347	13,172,036	50,904,215
Loss per share £	(0.05)	(0.18)	(0.11)
Weighted number of fully diluted shares	67,083,429	13,172,036	55,340,447
Loss per share £	(0.05)	(0.18)	(0.11)

3. Intangible assets

	Capitalised R&D	**Developed Technology**	**Total**
Cost	£	£	£
At 1 January 2017	**-**	**959,101**	**959,101**
Additions	-	-	-
Exchange adjustment	-	(53,671)	(53,671)
At 30 June & 1 July 2017	**-**	**905,430**	**905,430**
Additions	1,282,178	-	1,282,178
Exchange adjustment	-	(14,057)	(14,057)
At 31 December 2017 & 1 January 2018	**1,282,178**	**891,373**	**2,173,551**
Additions	926,433	4,882	931,315
Exchange adjustment	-	(5,449)	(5,449)
At 30 June 2018	**2,208,611**	**890,806**	**3,099,417**
Depreciation	**£**	**£**	**£**
At 1 January, 30 June 2017 & 1 July 2017	**-**	**-**	**-**
Charge for the period	427,392	301,810	729,202
At 31 December 2017 & 1 January 2018	**427,392**	**301,810**	**729,202**
Charge for the period	285,027	147,601	432,628
Exchange adjustment	-	(4,528)	(4,528)
At 30 June 2018	**712,419**	**444,883**	**1,157,302**
Carrying value			
At 30 June 2018	1,496,192	445,923	1,942,115
At 31 December 2017 & 1 January 2018	854,786	589,563	1,444,349
At 30 June 2017	-	905,430	905,430

4. Trade & other receivables

	30 June 2018 £	30 June 2017 £	31 December 2017 £
Trade receivables	1,157,902	605,010	1,204,330
Prepayments	169,437	571,738	107,310
Other receivables	597,045	325,915	825,966
Accrued income	576,573	117,500	-
Shares issued for prepaid services	454,209	1,060,500	502,509
R&D Tax Credit Receivable	500,000	-	500,000
Amounts placed on escrow for acquisition	1,829,774	-	-
Other taxes receivable	229,161	172,381	263,450
Loans due from related parties	73,504	-	60,664
	5,587,604	**2,853,044**	**3,464,229**

The shareholder meeting to approve the acquisition of Priori Data GmbH was held on 29 June 2018 at which all resolutions were passed. The funds to complete the transfer were put on escrow that day to facilitate completion on 3 July 2018 and are included within Trade & other receivables above.

5. Trade & other payables

	30 June 2018 £	30 June 2017 £	31 December 2017 £
Trade payables	1,967,637	749,082	1,097,168
Amounts received on shares to be issued	1,159,134	-	-
Social security & other taxes	297,388	259,425	263,394
Accruals	90,437	499,177	145,882
Other payables	103,025	112,759	5
	3,617,621	**1,620,443**	**1,506,449**

At the reporting date the Company had received funds from new investors wishing to participate in the placing which was completed on 3 July 2018. The funds received from new investors at the reporting date, net of accrued costs, are included within Trade & other payables.

6. Events after the reporting date

On 3 July 2018 the Company completed the acquisition of Priori Data GmbH and a placing to raise £1.6 million.

Total consideration for the acquisition was £13.5 million, consisting of £1.8 million in cash and £11.7 million by way of the issue of a total of 16,667,157 new ordinary shares in the Company at an effective issue price of 70 pence per ordinary share ("Ordinary Shares").

As a result, the Company issued 16,290,325 of the Consideration Shares and 2,318,643 new ordinary shares in the Company pursuant to the fund raise to raise gross proceeds of £1.6 million at a price of 70 pence per ordinary share announced by the Company on 26 June 2018 (the "Fund Raise Shares").

The issue of a further 376,832 Consideration Shares (representing €300,000 in issue value) was deferred until the determination of the completion accounts and the net assets statement in connection with the acquisition. This was completed on 30 August 2018 and, after adjusting for the final net assets, 357,698 new ordinary shares were issued to the Priori vendors under the terms of the sale and purchase agreement. These shares were admitted to trading on 5 September 2018.

On 22 August 2018, the Company announced that it had raised a further £1 million before expenses through the placing of 1,428,871 shares at an issue price of 70 pence. These shares were admitted to trading on 29 August 2018.

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