

Quoted Companies Alliance: New QCA Corporate Governance Code

(The information contained in this document was last reviewed on 26 September 2018)

From 28 September 2018 all AIM companies are required to set out details of the recognised corporate governance code that the Board of directors has decided to apply, how they comply with that code and highlighting any departures/providing the reasons for such departures.

The Board of appScatter Group plc (“appScatter” or the “Company”) fully endorses the importance of good corporate governance and applies the QCA Corporate Governance Code, published in April 2018 by the Quoted Companies Alliance (the “QCA Code”), which the Board believes to be the most appropriate recognised governance code for a company of the Company’s size and with shares admitted to trading on the AIM market of the London Stock Exchange. The QCA Code is a practical, outcome-oriented approach to corporate governance that is tailored for small and mid-size quoted companies in the UK and which provides the Company with the framework to help ensure that a strong level of governance is maintained.

Introduction from the Chairman

appScatter Group plc was admitted to trading on AIM in September 2017. The introduction of the new Corporate Governance measures under the AIM Rules for Companies have given the Board an opportunity to review the procedures implemented on admission and subsequently.

We have adopted the QCA Code, a recognised corporate governance code constructed around 10 broad principles of corporate governance. Set out below are detailed explanations of how we seek to comply with each of the QCA Code’s 10 principles.

In concept, we do not seek to comply with the QCA Code where strict compliance would run contrary to our main objective of increasing value for shareholders and for stakeholders. However, we do regard treating others fairly and doing things properly as good business, which will in turn result in a long-term increase in shareholder returns. Therefore, our general approach is that compliance with the QCA Code, wherever it is possible, is consistent with increasing shareholder value.

We have no current intention of changing this approach to compliance with the QCA Code noted above and explain in detail below why we believe the way we operate best suits our Company and its shareholders.

AppScatter Group plc is a company with a clear business model and strategy. Our objective is to create shareholder value from the development of a mobile app management platform, with its own data intelligence stack, through innovation and, where opportunities allow, through acquisition. All members of the Board believe strongly in the importance of good corporate governance to help achieve our goals and in our accountability to all our stakeholders. In the statements that follow, we explain our approach to governance, and how the board and its committees operate.

Clive Carver

Non-executive Chairman

Principle 1 Establish a strategy and business model which promote long term value for shareholders

Purpose

appScatter's objective is to create shareholder value from its B2B mobile app management platform with its own data intelligence stack.

Strategy

The Group's long-term strategy is to expand and enhance its current product offering to match the requirements from customers.

Our business model

Our business model is to invest in and develop our unique app distribution and management platform. Growth in long term value will be measured by a sustainable appreciation in the share price and, when appropriate, by dividend payments.

Key challenges and how they will be addressed:

The development of innovative technology is an inherently high-risk venture.

In addition, the Company is subject to various risks relating to technical, political, economic, environmental, legal, social, regulatory, business and financial matters. Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system. The Annual Report sets out the principal risks and our approach to manage and mitigate these risks.

Principle 2 Seek to understand and meet shareholder needs and expectations

The Company communicates with its shareholders principally via a Regulatory Information Service, its website, formal Company meetings and periodic investor presentations. The need to treat all shareholders fairly by not selectively disclosing information often limits our ability to provide the answers many investors seek.

The Company's management meets prospective institutional investors from time to time to assess the availability of large scale institutional funding to advance the Company's plans.

From our interactions with existing and prospective investors it is clear to the Board the principal objective of shareholders is to maximise capital returns through share price growth.

During the financial year, the Company has held a series of investor presentations and additionally, the Company recorded a number of media interviews which are available to download on leading investor focussed websites.

The Chief Executive Officer is responsible for shareholder liaison. The Company's contact details, telephone, email and correspondence address, are listed on its website and at the foot of regulatory announcements for

shareholders' use. The Company also provides an email alert service on its website to which shareholders and other interested parties can subscribe, to receive company announcements when they are released.

Principle 3 Take into account wider stakeholder and social responsibilities and their implications for long term success

The Company regards its employees and their families, its partners and clients, local and national government and its shareholders to be the core of the wider stakeholder group.

Employees and Social responsibilities

Staff employed by the Group are primarily based in London and Berlin. As well as providing employees with appropriate remuneration and other benefits, together with a safe and enjoyable working environment, the board recognises the importance of communication with employees to motivate them and involve them fully in the business.

It is the Group's policy and practice to comply with health, safety and environmental regulations and the requirements of the countries in which it operates, to protect its employees, partners, assets and environment.

External

In addition to the employment created for Company's staff, many additional jobs in the Company's suppliers, partners and professional advisers are reliant on appScatter's business activities.

The Company's recently awarded ISO 27001 certification is a statement to the Company's stakeholders, employees and senior management that the business wishes to operate to a set framework in order to achieve its objectives.

Feedback

The Company takes into account feedback from its stakeholders in its decisions and actions.

Principle 4 Embed effective risk management, considering both opportunities and threats, throughout the organisation

Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system. The Company is ISO 27001 compliant and has developed a detailed information security management system which is subject to regular audit by independent third parties.

The basic approach that has been adopted for assessing the security risks is based on the following activities:

- Asset identification.
- Asset valuation.
- High level gap assessment.

- Identifying the threats and vulnerabilities related to these assets.
- Calculating the resulting risk exposure and impact.
- Implementing risk treatment initiatives and controls.

Regular reviews of the asset list and the business risk profile are part of the security risk assessment approach in accordance with ISO/IEC 27001:20013. This enables compliance with the security policy to be checked as well as the on-going effectiveness of the implemented controls.

For further details of the Company's approach to risk and risk management, please refer to the Principal Risks and Uncertainties section of the Annual Report and Financial Statements.

Principle 5 Maintain the Board as a well-functioning, balanced team led by the chair

At the executive level Philip Marcella, Chief Executive, runs the Company's operations and takes the lead on all matters. He is supported by a balanced Board of directors which has the relevant technical, financial and operational expertise.

Philip Marcella is the founder and CEO of the Company. He is an experienced programmer who began his coding career in the mid-1980s. In 1996 he set up his first company, which became RMR Plc. Initially a web development company, RMR specialised in web conferencing. In 2000, RMR was admitted to AIM with a £64 million valuation.

Jason Hill is a B2B sales professional with 20 years' experience driving fast growth digital sector technology companies. He was the sales director of Philip Marcella's previous AIM quoted company, RMR Plc.

Clive Carver is a fellow of the Institute of Chartered Accountants in England and Wales (FCA) and a fellow of the Association of Corporate Treasurers (FCT). While working in the UK broking industry Clive gained more than 15 years' experience as a Qualified Executive under the AIM Rules having run the Corporate Finance departments of several of the larger and more active Nominated Adviser firms. Clive Carver is considered independent.

Michael Buchen is the Chairman and Founder of Polar Light Ventures Ltd., an investment firm based in Switzerland which is focusing on early stage ventures. Previously he was the Managing Director of Dhabi Holdings PJSC, the investment company of senior members of the ruling family of Abu Dhabi. Michael Buchen joined Dhabi Holdings from Mubadala Development Company PJSC where he worked in the Special Situations Team. Before Mubadala, he worked for Roland Berger Strategy Consultants in Europe, China and the Middle East. Michael Buchen is considered independent.

The Board believes it possesses the skills required to build a successful app management company but recognises that there is currently a gap on the Board in relation to an executive Finance Director. While the Company has appropriate arrangements in place with staff and consultants to provide the required expertise on a day to day basis, it intends to appoint an executive Finance Director before the end of the current financial year (December 2018).

The Board physically meets on a monthly basis either physically or by telephone. At these meetings the Board receives a report from the executive Directors and senior management team on all matters.

The Board also has a list of standing items, including compliance with the UK Bribery Act, litigation and existence of open and closed periods for director dealings, which are considered at each meeting.

There have been 5 board meetings held in 2018 to date: the number of Board meetings attended each year by the directors is set out below:

2018	Board meetings attended	%
Philip Marcella	5	100%
Jason Hill	5	100%
Clive Carver	5	100%
Michael Buchan	5	100%

Philip Marcella and Jason Hill, the two executive directors are employed on a full-time basis by the Company. Clive Carver is the non-executive Chairman and is expected to devote as much time as is necessary to the Company. Michael Buchan is a non-executive Director and is expected to devote as much time as is necessary to the Company.

Non-Executive Directors' participation in Option Schemes

In common with many AIM companies, we actively encourage non-executive directors to participate in the Company's option schemes. The purpose of the Company is to grow shareholder value and to effectively remunerate non-executive directors whilst safeguarding the Company's cash balances. The Company therefore actively seeks to link the remuneration of those directly responsible for the Company's growth to increases in the underlying value of the Company - at no cash cost to the Company. As the options awarded to the non-executive Directors account for less than 0.5% of the Company's issued share capital. They do not represent a significant interest in the scheme and are therefore not a breach of the QCA code.

Principle 6 Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The experience of the directors and the operational Board is set out in the response to principle 5 above and in the Annual Report and Financial Statements.

The Chief Executive Officer is supported by the rest of the Board, by the senior management team and by expert technical staff on programming and data science.

Operational skills are maintained through an active day to day involvement in the software industry and by the use of leading expert consultants, where appropriate.

Non-operational skills are maintained principally via the Company's professional advisers and by the Company's/Board members' ongoing activity in the market. Involvement with a variety of other company

Boards allows those concerned to witness alternative approaches to similar business issues and to benefit from the advice of more than just the Company's retained advisers.

Principle 7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Company's strategy and its shorter-term objectives are set out in the Annual Report and Financial Statements, including appropriate Key Performance Indicators (KPIs).

In recent times, the Board has focused on developing its app management platform and its own data intelligence stack, through the acquisition of Priori Data GmbH.

"The board has in place a process for assessing the performance of the executive directors. Furthermore, the board sets the criteria for executive directors to be considered for bonuses payments relating to their performance during each financial year. Selective bonuses payments to executive directors were made in respect of 2017, the year of the IPO, in some cases in compliance with contractual entitlements. For subsequent years the award of any bonus payments to executive directors rests solely with the Remuneration Committee."

Principle 8 Promote a corporate culture that is based on ethical values and behaviours

The Board firmly believes that sustained success will best be achieved by adhering to our corporate culture of treating all our stakeholders fairly and with respect.

Accordingly, in dealing with each of the Company's principal stakeholders, we encourage our staff to operate in an honest and respectful manner. This is monitored on an ongoing basis by the Company's executive directors.

Compliance with this principle is considered an important part of the annual assessment of staff and in setting their pay for future periods.

Future Annual Report and Financial Statements will include a statement in the Corporate Governance section setting out the Company's corporate culture of treating all stakeholders fairly and our approach to ethical values and behaviours.

Principle 9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Company's governance structures have been reviewed in light of the introduction of the QCA Code now adopted by the Board. The board believes them to be in accordance with best practice as adapted to better comply with appScatter's circumstances – as disclosed above.

The Company is confident that its governance structures and processes are consistent with its current size and complexity and are appropriate for a company admitted to trading on AIM. The board is aware that it must continue to review its practices as the Company evolves and, in particular, as the Company grows.

The Chairman, is responsible for leading an effective board, fostering a good corporate governance culture, maintaining open communications with the major shareholders and ensuring appropriate strategic focus and direction.

The Chief Executive Officer has overall responsibility for managing the day to day operations of the Company and the Board as a whole is responsible for implementing the Company's strategy. The Directors' biographies in the Annual Report and Financial Statements briefly describes individual Board members' specific responsibilities.

Matters reserved for the Board

The Board has a formal schedule of matters reserved for its review and approval as follows:

- Management structure and appointments
- Board, Company Secretary and third-party service providers appointments or removals
- Board training, development and appraisal
- Remuneration contracts for Board members and the Company's service providers
- Delegation of the Board's powers
- Agreeing membership and terms of reference of board committees and task forces
- Strategic/Policy considerations
- Agreement of codes of ethics and business practices
- Receipt and review of regular reports on internal controls
- Annual assessment of significant risks and effectiveness of internal controls
- Finance including fund raising, credit facilities, treasury policies and operating budgets
- Final approval of interim and annual report and accounting policies
- Appointment of auditors
- Approval and recommendation of dividends or return of capital/tenders
- Monitoring the performance of third-party service providers

The Board is supported by the Audit Committee and the Remuneration and Nomination Committee.

The Audit Committee, which comprises Clive Carver (Chairman) and Michael Buchen, has the primary functions of reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications.

The Remuneration and Nomination Committee, which comprises Michael Buchen (Chairman) and Clive Carver, will meet as often as required to enable the remuneration and nomination committee to fulfill its obligations to the Company. The remuneration and nomination committee will be responsible for reviewing the performance of the Chairman and the executive directors, for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the performance of the Group. The remuneration and nomination committee will also approve the design of and determine targets for any performance-related pay schemes operated by the Company.

The Remuneration and Nomination Committee's main functions also include, inter alia, reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure that the Board operates effectively. The remuneration and nomination committee will also identify and nominate suitable candidates to join the Board when vacancies arise and make recommendations to the Board for the re-appointment of any non-executive directors.

The terms of reference of the Audit Committee and the Remuneration Committee are set out on appScatter's website.

The appropriateness of the Company's governance structures will be reviewed annually in light of further developments of accepted best practice and the development of the Company.

Principle 10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company communicated with shareholders through the annual report and accounts, with the release of its interim and full year results, the annual general meeting and one-to-one meetings with large existing or potential new shareholders. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public at the Company's website.

The Annual Report and Financial Statements set out how the corporate governance of the Company has been applied in the period under review.

These reports contain full details of all the principal events of the relevant period together with an assessment of current trading and future prospects and the reports are made available via the Company's website to anyone who wishes to review them.

Employee stakeholders are regularly updated with the development of the Company and its performance.

The Company seeks to publicly disclose the outcomes of all shareholder votes in a clear and transparent manner. The outcome of all shareholder votes are publicly notified to the market via a regulatory information service and are available for review on the Company's notifications included on its AIM Rule 26 website.

Remuneration & nomination committee report

The Company has established a remuneration and nomination committee, which comprises Michael Buchen (Chairman) and Clive Carver. The remuneration and nomination committee has met on 3 occasions during 2017.

The remuneration and nomination committee is responsible for reviewing the performance of the Chairman and the executive directors, for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the performance of the Group. The remuneration and nomination committee will also approve the design of and determine targets for any performance-related pay schemes operated by the Company.

The remuneration and nomination committee's main functions also include, inter alia, reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure that the Board operates effectively. The remuneration and nomination committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any non-executive directors.

Audit Committee report

The Company has established an audit committee, which comprises Clive Carver (Chairman) and Michael Buchen. The audit committee's main functions include, inter alia, reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications.

The Committee has met formally twice during 2018 to formally approve the full year report and account for the year ended 31 December 2017 and the interim report and accounts for the six months to 30 June 2018.