

The board places significant emphasis in the value of good corporate governance and its duties to shareholders, staff, clients, suppliers and the public. In the statement below you will see our approach to corporate governance and how the board and its committees operate.

Changes to AIM rules on 30 March 2018 require AIM companies to apply a recognised corporate governance code by 28 September 2018. Mobile Streams is pleased to report the compliance with the AIM Rule 26 requirements in accordance with this mandate.

The corporate governance framework within which the group operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the board believes are the most effective and efficient to the risks, complexity and operations of the business and is reflective of the group's values. We have therefore decided to adhere to the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26).

The QCA Code is based around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to explain how they are satisfying the principles through the recommended disclosures. We have considered how we apply each principle to the extent that the board judges these to be appropriate in the Company's circumstances and provide an explanation of the approach taken below.

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The purpose and strategy of the Group is to provide the best mobile content directly to consumers through our mobilegaming.com cross-platform app and our games store. Our business model is to provide content to both consumers and mobile content distributors. We believe this will deliver a profitable and highly valued business with a competitive advantage over other mobile content providers.

The Group's business model is generating revenues through relationships with mobile operators, content aggregators and by retailing directly to consumers. Mobile Streams has developed an expertise in selling content to consumers in developing economies.

Mobile Streams has focused on three main objectives in its recent business trading:

- expansion into India;
- stabilising our Latin American business, which is primarily based in Argentina; and
- Seeking to minimise net cash outflow.

In order to help facilitate the development and growth of the Indian business, we generally look to re-invest profits generated from our Argentine operations.

The key challenges we face include:

- **Operating in developing economies:** a significant proportion of the Group's revenues are generated within developing economies, which may be subject to adverse or volatile macro-economic conditions. We manage the economic and financial risks with the appropriate financial

instruments to hedge against the currencies devaluation, such as maintaining cash in hard currency (US dollar) or dollar denominated notes and bonds.

- **Regulatory environment:** the Group faces regulatory issues which are managed through the proper legal and statutory assistance.
- **Competition:** competition from alternative providers could adversely affect operating results either through pricing pressure, or lost custom. Products and pricing of competitors are continuously monitored to ensure the Group is able to react quickly to changes in the market.
- **Retaining access to consumers:** maintaining and expanding our customer reach is vital to implementing our growth strategy. We aim to increase our customer reach by signing agreements with mobile network operators (MNOs), device manufacturers (OEMs) and other third parties.
- **Fluctuations in currency exchange rates:** Approximately 99% of the Group’s revenue relates to operations outside the UK and may be adversely impacted by foreign currency fluctuations. Currency exposure is not currently hedged, the Board continuously reviews its foreign currency risk exposure and potential means of combating this risk.
- **Retaining key partners:** providing market leading content to our customers is imperative for customer retention and revenue generation. We maintain a good and fluid relationship with our suppliers through periodic meetings, in order to ensure we are getting access to best quality content.
- **Recruiting and retaining suitable staff:** ultimately, the execution of the Group’s strategy is dependent on the skills and abilities of its staff. We aim to foster staff engagement by undertaking reviews into remuneration packages to ensure we remain competitive within the market.

We believe we have the right strategy and service in place to deliver strong growth in sales over the medium to long term. This will in turn, enable us to deliver sustainable shareholder value.

Principle 2: Seek to understand and meet shareholder needs and expectations

The responsibility for investor relations rests with the CEO, Simon Buckingham, who is supported by the CFO, Enrique Benasso. During the last 2 years the following activities were pursued to develop a thorough understanding of the needs and expectations of all constituents of the Group’s shareholder base:

<u>Date</u>	<u>Description</u>	<u>Participants</u>	<u>Comments</u>
Dec 2016	AGM	Simon Buckingham, Roger Parry	To approve the financial statements
Dec 2016	Presentations to institutional investors regarding fundraising	Simon Buckingham, Enrique Benasso.	Successfully completed a fundraising
Dec 2017	AGM	Simon Buckingham, Roger Parry	To approve the financial statements

The group is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. We communicate with shareholders through the annual

report, full-year and half-year announcements, trading updates and the annual general meeting (AGM), in which we actively encourage shareholders' participation. A range of corporate information (including all Mobile Streams announcements) is also available to shareholders, investors and the public on our website.

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

The Board understands and appreciates that there are numerous stakeholders that allow the Group to operate effectively, and hence maintaining good relations with each stakeholder group is a critical priority to the Board.

The key resources of the company are the customers, employees and suppliers. We understand our business relies fundamentally on these resources and hence we prioritise the improvement in relations with them.

With regards to the Group's employees, along with the Group's management, the Board conducts questionnaires, informal meetings, internal discussions, briefings, etc. in order to:

- learn and understand their needs,
- discover and promote talent,
- foster the Group's values into its culture.

The Board understands that as Mobile Streams is a public company, it must be transparent with stakeholders, providing clear and balanced information regarding the Group's operations, without excessive delay. The Group provides annual and interim reports (which include thorough explanations of the operations and risks at the time), as well as press releases for ad-hoc announcements, such as any changes in holdings in the Group, as well as proactive investor news flow.

The Group also holds AGMs, in which all investors are invited to discuss the operations and put forward their ideas and suggestions on how the business can improve. All resolutions are subsequently voted upon, the results of which are published on the investor relations section of the Company's website so to inform those shareholders who were unable to attend. The Group has two Board members, Simon Buckingham and Enriqe Benasso who are responsible of the investor relations. They can be contacted throughout the year in order to raise any questions any investor may have.

This process allows for continuous communication between the Group and its investors.

Finally, the Board knows that the Group must put clients first in their operations in order to maintain a healthy business. The Group meets with customers in order to confirm the end-users' experience of their products. It is common practice to have periodic meetings where we analyse changing customer needs and assess how to react accordingly.

The Group's key suppliers are the external content providers. We maintain close relationships with them and ensure we have regular meetings to monitor and improve our interactions with them, protecting the quality of the products we offer.

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

The Group's board and senior management teams identify and assess all material risks to the business. The board and management monitor the development of these risks regularly, which include both financial and operational risks. As part of this evaluation, the Group's board decides which actions are most appropriate in order to mitigate or minimise such risks. The Board and Group management communicate all risks to shareholders through the annual report, in which each one is described, along with the identification of a mitigation strategy.

With regards to the Group's financial risks, risk management cooperates closely with the Board and focuses on actively securing the Group's short to medium term cash flows by minimising its exposure to financial markets. The Group's board and senior management teams identify and assess all material risks to the business, monitoring their development regularly.

Principal 5: Maintain the board as a well-functioning, balanced team led by the Chairman

The members of the board have a collective responsibility and legal obligation to promote the interests of the group, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chairman.

The board consists of four directors of which two are executive and two are independent non-executives, one of whom was appointed during the period. The board is supported by two committees: the audit committee and the remuneration committee. All members of the board are involved in the appointment of new directors. The board intends to appoint additional non-executive directors as its business expands.

Non-executive directors are required to attend all board meetings and board committee meetings during the year. They must also be available as and when required for face-to-face and telephone meetings with the executive team and investors.

Meetings held during the period under review and the attendance of directors is summarised below:

Directors list:

Simon Buckingham

Peter Tomlinson

Enrique Benasso

Roger Parry (resigned 6 November 2017)

Tim Maunder (resigned 25 October 2017)

Jonathan Bill (appointed 1 January 2018)

<u>Date</u>	<u>SB</u>	<u>PT</u>	<u>EB</u>	<u>RP</u>	<u>TM</u>	<u>JB</u>
27/07/2017	Yes	Yes	Yes	Yes	Yes	

27/09/2017	Yes	Yes	Yes	Yes	Yes	
24/10/2017	Yes	Yes	Yes	Yes	Yes	
22/11/2017	Yes	Yes	Yes	Yes	Yes	
12/12/2017	Yes	Yes	Yes	Yes	Yes	
22/02/2018	Yes	Yes	Yes			Yes
22/03/2018	Yes	Yes	Yes			Yes
18/04/2018	Yes	Yes	Yes			Yes
24/04/2018	Yes	Yes	Yes			Yes
04/07/2018	Yes	Yes	No			Yes

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

All four members of the board bring relevant sector experience in media and technology through extensive careers. One member is a chartered Accountant and is a CFA charter. The board believes that its members possess the experience, skills, personal qualities and capabilities to successfully execute its strategy.

Directors attend seminars and other regulatory and trade events to ensure that their knowledge remains current.

Simon Buckingham, CEO:

For more than 25 years, Simon Buckingham has specialized in launching new mobile internet services starting with SMS text messaging then ringtones.com, followed by games and apps in the U.K., Europe, the U.S., Latin America, Asia Pacific and India. Simon created Mobile Streams PLC nearly 20 years ago and took the company public in London more than a decade ago. He is best known as the author of the "Yes 2 SMS" research report and the launch of the Ringtones.com service. Simon's career has provided him with a breadth of knowledge regarding the mobile internet services industry, as well as a strong ability to navigate capital markets. Through his active role, he continues to improve his required skillset. He does not have any other external appointments and the time commitment to the position is full-time.

Peter Tomlinson, Chairman:

Peter has 40 years experience in sales, supply chain and operations. Having worked in the mobile phone business for over 30 years, Peter has an extensive knowledge of the sector; in addition, he has worked with Simon and Mobile Streams since the founding of the business. Peter has also worked for Nokia, Motorola and mobile phone distribution companies throughout the America's, Europe and Asia. Peter's extensive career in the mobile phone industry has made him an expert in its operations and dynamics, thus allowing him to provide invaluable insight to the Board. Through his active role, he continues to improve his required skillset. The time commitment to the position is part-time.

Besides Mobile Streams, Peter Tomlinson is the, Managing director and owner of International Business Excellence Ltd and member of the executive committee of Savox Communications Shenzhen, China.

Jonathan Bill, Non-executive Director:

Jonathan built CreditMate, a FinTech backed by Paytm which focused on India's used-vehicle market. He co-founded BillBachao, a mobile network crowdsourcing platform, which helped consumers identify the most appropriate mobile plans based on their previous usage and location. Jonathan is also an advisor at mPaani and Abra. Prior to this, he held various roles at Vodafone, such as: Internet Services & Innovation SVP, Head of marketing for Emerging Markets, Director of Internet and Data Services, and Head of Internet Services. He worked for Vodafone over a period of almost 12 years. Having worked in numerous emerging market focused, tech-centred roles, Jonathan brings a deep level of understanding of Mobile Streams' geographies and sector, enabling him to advise the board effectively. Through his active role, he continues to improve his required skillset. The time commitment to the position is part-time.

Besides Mobile Streams, Jonathan Bill is Director of Urja Money Private Ltd (India), Director of AstroBuddy Astrology Company of India Private Ltd, Director of Value EServices Private Ltd (India) and Director of The Marketing Foundry Pte (Singapore).

Enrique Benasso, CFO:

Enrique has held leadership roles within corporate finance activities for more than 28 years. He has held a plethora of finance roles at numerous multinational and local companies, such as: Oracle, Coca Cola, Eagle Ottawa, Imation and Inta. Enrique has more than a decade's worth of experience in treasury and portfolio management activities, across a number of international markets. Enrique has a solid education in finance which includes a Masters in Finance, an MBA and a CFA certification charter. Enrique's extensive career in treasury and portfolio management in an impressive range of corporations, as well as his professional qualifications, illustrate his expertise in the field of corporate finance. He is able to effectively advise the Board on the financial risks facing the Group. Through his active role, he continues to improve his required skillset. He doesn't have any other external appointment and the time commitment to the position is full-time.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

A board evaluation exercise will be managed by the Chairman on December 2018. All directors will be asked to answer questionnaires regarding the efficiency of the board and a review of their own contributions to the Group, in order to see how they helped the Group achieve its targets. If these targets have not been achieved, each Director will have to explain why they have not been reached, and what the Director could do in the following year, to prevent a similar outcome. The Chairman will assess the questionnaires and present the collective findings back to the board. This process should help the board adapt year-on-year, and enable them to set out more accurate methods to achieve their targets, or otherwise set more realistic targets. This is critical if they are to manage stakeholder expectations appropriately.

An important element of the review is also to establish a succession plan so that the Group's operations are not severely impacted should one Director leave suddenly.

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

The Group's success is underpinned by the following core values:

1. We place our customers first. We place the biggest emphasis in striving to exceed their expectations.
2. We are committed to foster the creativity and innovation in our activities and businesses.
3. We encourage self-motivation and a positive attitude.
4. We are a group of people who are team players and strive to maintain an open attitude towards differing points of view.
5. We honour diversity, and personal differences. We believe this is a key to produce value as a synergy. We are committed to conducting our business with the highest professional and ethical standards.

The board strongly thinks that the Group's culture is a key advantage in its ability to execute the Group's targets and operational goals.

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

The **board's** purpose is to deliver long-term shareholder value, which requires them to develop an appropriate and professional culture within the Group, which permeates throughout the business. The board also sets the strategic goals that the Group implements in its business plans. The Board delegates approved responsibilities to its remuneration and audit committee, of which the respective chair reports back to the committee on their activities and discussions.

The **Remuneration Committee** determines and assesses the compensation of the executive directors, as well as establishing performance requirements for cash and share based payments.

The **Audit Committee** ensures the financial statements are prepared with full integrity, as well as reviewing the Group's control and risk management functions. Furthermore, the Audit committee ensures the financial statements are correct, reviews the risk management and control functions, as well as monitors the internal audits external auditor.

The **Chairman** holds outright responsibility for corporate governance and the permeation of professional standards throughout the Group. They chair the board, safeguarding the independence of the committees and certifying they are structured appropriately. The Chairman also manages the communication between the Group and its stakeholders.

The **CEO** leads and manages the Group's quotidian responsibilities, such as the development and evolution of objectives and operational strategies, as well as ensures the Group is delivering on the targets set by the board. The CEO is the first point of contact for investors, as well as delivering the opinion of the employees to the board.

The **Executive Directors** set the operational and financial targets used in the quotidian operation of the Group. They guide the Group's management team, ensure that the company culture is upheld and oversee talent management.

The **Independent Non-Executive Directors** provide independent advice; evaluate management's performance based on the standards set by the board and offer constructive criticism to the Executive Directors.

The **Company Secretary** is responsible for providing timely updates to the board and committees, advising the board regarding corporate governance and risk issues.

The matters reserved for the Board's attention include, but are not limited to:

- Setting the Group's targets and operational strategy;
- Authorising fiscal budgets, on annual basis;
- Proposing any change of the share capital or corporate structure of the Group to the shareholders.
- Authorising interim and annual results and the related shareholder documents;
- Authorising dividend pay-out and related disclosures;
- Authorising significant investments, disposals, projects or contracts;
- Authorising Group resolutions in order to present them to shareholders at general meetings;
- Authorising changes to the board.

This statement has been prepared in accordance with the QCA Code; the Board will continue to ensure that its practises and oversight of the Group are in line with the code, revising any decision if they find it to conflict against the code.

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

In addition to the investor relations activities described above, the following audit and remuneration committee reports are provided.

Audit Committee

During the year, the Audit Committee has continued to focus on the effectiveness of the controls throughout the group. The Audit Committee consists of Peter Tomlinson, Chair, and Enrique Benasso, Executive Director. The committee met twice, and the external auditor was invited to attend these meetings. Consideration was given to the auditor's pre- and post-audit reports and these provide opportunities to review the accounting policies, internal control and the financial information contained in both the annual and interim reports. The committee also met with the auditors with no executives present.

Remuneration Committee

The remit of the Remuneration Committee is to determine the framework, policy and level of remuneration, and to make recommendations to the board on the remuneration of executive directors. In addition, the committee oversees the creation and implementation of all-employee share plans. The Remuneration Committee consists of Simon Buckingham, CEO and Peter Tomlinson, Chairman.

In setting remuneration packages the committee ensured that individual compensation levels, and total board compensation, were comparable with those of other AIM-listed companies.

During the last years the Remuneration Committee has granted options over ordinary shares in the company to executive directors and employees of the Company according an approved scheme of vesting. In granting these options, the Remuneration Committee's objective was to attract, motivate

and retain key staff over the long term, designed to incentivise delivery of the company's growth objectives.

All previous Principles 1-9 were disclosed according to the QCA requirements; none were omitted.