



CORPORATE GOVERNANCE

This statement was last updated on 27 September 2018 and is adopted as of that date.

Introduction:

The Board of Directors of Immedia recognises the importance of sound corporate governance and applies the Quoted Companies Alliance's Corporate Governance Code (2018) (the 'QCA Code'), which it believes is the most appropriate recognised governance code for a company of Immedia's size whose shares have been admitted to trading on the AIM market of the London Stock Exchange.

The Directors believe that the QCA Code provides Immedia with the framework to ensure that a strong level of governance is maintained, enabling the Company to embed the culture that exists within the organisation in a successful and sustainable business for all its stakeholders.

Chairman's Corporate Governance Statement:

"As Chairman of the Company I have a keen interest in ensuring that an effective and focused Board leads the business and builds upon its successes to date. The Board unanimously agrees with my belief that strong corporate governance helps underpin the foundations of a solid and successful business. As such we are committed to ensuring good corporate governance, from executive level and throughout the operations of the business. In support of this commitment the Directors see the QCA Code as the most appropriate recognised governance code for the Company to adopt.

Whilst 2017 was a challenging year the Company has moved forward with confidence in 2018. Over the period the Board and management's primary focus was to deliver results that would strengthen the business financially and secure the ability to deliver the Company's strategy. Throughout this period the importance of good governance and working for the benefit of all stakeholders has been at the forefront of the Board and executive management.

As the Company enters the next phase of development I, as Chairman, will work with the Board to build upon the existing values that are in place and ensure that good corporate governance continues to be integral to the organisation and delivered throughout the business, ensuring that we grow with foundations of integrity and strong principles for the benefit of all stakeholders. "

Tim Hipperson

Chairman

The Ten Principles of the QCA Code

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles and how Immedia applies them are set out below:

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

“The Group has made considerable progress in establishing itself as a pre-eminent specialist provider of multi-media content and digital solutions for major brands. Assisted by the creative and technical capability of AVC we are now developing our enhanced mix of bespoke physical and digital content for retail and beyond.

We are leaders on the path to total social integration, to an environment where, through our exceptional creative ability and broadcast knowledge, we now provide brands with the opportunity to own their own channels via a plethora of audience engagement platforms including narrowcast and broadcast, web and mobile with social media interaction via apps and websites. We are helping brands to evolve as media owners rather than as media buyers. We are making good progress, having completed considerable work on the JD-X project for JD Sports Fashion plc.

We are delighted that the take up across six European territories of our SUBWAY® Radio service has exceeded management expectations, with nearly 3000 sites supplied and managed as at the year end; discussions continue on a further service for the remaining countries in Europe in which SUBWAY® operates.

2017 highlights from AVC Immedia include coverage of the U20 FIFA World Cup in South Korea to create content for the FIFA YouTube channel, and other projects including a new induction film for Dana Petroleum, a 3D visualisation project for the new Aberdeen Exhibition and Conference Centre, work for Bibby Offshore, a 3D/VR project for DNV and a large 3D animation project for Total. Other film projects included Weir Oil and Gas in Dubai and Saudi Arabia.”

Extracted from 2017 Annual Report and Accounts

2. Seek to understand and meet shareholder needs and expectations

Shareholders are kept up to date via the regulatory news service (“RNS”) on matters of material substance and regulatory nature. Announcements are released to the Market, via RNS, when the Board believes that market’s expectations of the Company’s financial performance are not aligned with those of the Board.

The Company’s Annual Report and Notice of Annual General Meetings (AGM) are sent to all shareholders and can be downloaded from our website. Copies of these documents for the last 12 years as well as Interim Reports are available on the Company’s website.

Our AGM is an annual opportunity for shareholders to meet with the Board. The meeting is open to all shareholders, giving them the option to ask questions and raise issues during the formal business or more informally following the meeting. At the AGM, separate resolutions are proposed on each substantial issue. For each proposed resolution, proxy forms are issued which provide voting shareholders with an opportunity to vote in advance of the AGM if they are unable to vote in person. Our registrars, Share Registrars Limited, count the proxy votes which are properly recorded and the results of the AGM are announced through an RNS.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Company’s AGM are as much as possible within the recommended guidelines of the QCA Code.

The Directors, where appropriate, will respond to shareholder queries directly (whilst remaining cognisant of the Market Abuse Regulations’ restrictions on inside information and within the requirements of the AIM Rules for Companies). Non-deal roadshows are arranged throughout the year to meet with current and potential new shareholders to maintain, as much as possible, transparency and dialogue with the Market.

Shareholders with queries should email enquiries@immediapl.com.

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

The Board recognises its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its members as a whole. The Board also understands that it has a responsibility towards employees, customers, suppliers and our customer's clients who experience our audio and/or visual products and services. Our corporate social responsibility approach continues to meet these expectations. The Board also understands that it has a responsibility to take into account, where practicable, the social, environmental and economic impact of its activities.

We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible the wishes of stakeholders are considered. In addition, the Board works closely with the executive team, with clear and open communication both within and outside the Board room. The Company has an open-door policy from the executive team down where employees' opinions and suggestions are valued and listened to.

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

"The Board is responsible for the identification and evaluation of key risks to the business. These risks are assessed continuously and include operational risks (business interruption, disruption to computer and other business systems, competition, regulation) and financial risks (capital, market, credit, liquidity). The Board seeks to minimise the effect of financial risk by management of the Group's financial resources."

Principal risks and uncertainties

The principal risks the Group faces are market related and like those faced by other small companies servicing larger businesses within UK retail, banking, leisure, hospitality, energy, sport, tourism and education sectors. In 2016 the Group's acquisition of AVC added a significant number of new customers in new markets, thereby reducing the historic concentration of business with a small number of long-term customers. Whilst the loss of a key customer would adversely impact performance, the Board is making progress with its strategy of diversification and growth into new markets to reduce this risk.

Other primary risks remain within the economic cycle (including the effects of prolonged reduction in consumer spending and reduced oil price adversely impacting expenditure amongst clients), competition (for new technology solutions and for market share) and regulation (including licensing costs and their effect on pricing). The main impact of these risks is continuous pressure on operating margins which can inhibit growth; the Board's strategy to mitigate these risks is to develop the Group's services, expand into new sectors and continue to manage and reduce costs.

Risk description	Importance	How mitigated
Loss of key customer	Serious	Expansion of business and diversification into new markets (including overseas) to reduce concentration.
Reduced customer activity (lack of economic growth)	Important	Expansion of business and diversification into new markets (including overseas) to reduce concentration.
Competition	Important	Continued development of services, some exclusive; continuous review of costs.
Regulatory (licensing)	Important	Sourcing lower cost material outside the iconic music licensing regime.

Other specific risks

Treasury

The Group's financial instruments through which it meets its day to day working capital requirements comprise cash and liquid resources, as well as receivables and payables. The principal risk on the financial assets is credit risk, which the Board has reviewed and manages through its policies summarised below. The Group maintains a policy of not trading in financial instruments. This policy has remained unchanged since the beginning of the year.

Borrowing facilities

There were no borrowing facilities available at 31 December 2017 or 31 December 2016.

During 2016 the Group arranged a new finance lease for IT equipment and novated a finance lease for telephony equipment as part of its acquisition of the AVC business. At 31 December 2017 the Group owed £7,056 (unsecured) under these new leases (2016: £10,783 was owed under a three-year finance lease facility provided by Aurora Leasing Limited and secured by floating charge on the assets of Immedia Broadcast Limited).

Interest rate risk

New leases arranged in 2016 carried fixed interest rates of 0% and 10.2% with no exposure to interest rate risk. There were no new leases taken out in 2017.

Liquidity risk

Short-term flexibility is normally achieved through the use of cash balances, primarily held on short-term deposit. Financial liabilities are payable within one year and between one and five years. The Directors consider that the Group's exposure to liquidity risk is minimal.

Foreign currency risk

The Group's foreign currencies denominated transactions remain a very low percentage of the total value of all transactions and are expected to remain so in 2018. There were no Euro denominated revenues in 2017 (2016: €nil) and no Euro denominated costs during 2017 (2016: €4,227). There were no US\$ denominated revenues in either 2017 or 2016. In 2017 there were no US\$ denominated costs (2016: \$438). The Group has no material financial exposure to foreign exchange gains and losses on monetary assets and liabilities at the year-end and does not hedge any of its trading activities.

Credit risk

The Group's exposure to credit risk is mitigated by the quality of its predominantly blue chip multinational customers. The trade receivables balance of £517,606 (2016: £768,318) represents the maximum exposure to credit risk, of which 7.4% (2016: 1.81%) relates to smaller and/or more recently established companies. Policies are maintained to ensure the Group makes credit sales only to customers with an appropriate credit rating, and credit limits are set and reviewed based on credit references, debt ageing and collection history.

Bad debt risk

The Group has predominantly blue chip customers whose relative financial strength and stability minimises the risk of bad debts. Continuous monitoring and review of debt ageing, collection history and credit ratings for all customers provides further reduction of bad debt risk for the Group."

Based on extracts taken from 2017 Annual Report and Accounts

5. Maintain the board as a well-functioning balanced team led by the Chair

The Board is chaired by Tim Hipperson, with Bruno Brookes as Chief Executive, Ross Penney as Business Affairs Director and Company Secretary, Mark Horrocks as Non-Executive Director and Chairman of the Remuneration Committee, Simon Leathers as Non-Executive Director and Chairman of Audit Committee.

Three of the directors have shareholdings in the Company.

Tim Hipperson and Simon Leathers are the independent Non-Executive Directors.

The Board meets monthly and has a schedule of matters reserved for its consideration, principally concerning business strategy, direction, financial performance and control. The Executive Directors are all involved in the business on a full-time basis and the Non-Executive Directors commit their time as required but typically this extends beyond attendance at the monthly board meetings and can often be the equivalent of over one day per week.

Over the past year there have been twelve board meetings. The attendance record is set out below:

Name	Number of attendances
Tim Hipperson	12
Bruno Brookes	12
Ross Penney	11
Mark Horrocks	10
Simon Leathers	12

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are observed, and to the Group's professional advisers.

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

The Board is comprised as follows:

<p>Tim Hiperson <i>Non-Executive Chairman</i> aged 48</p>	<p>Tim is an innovative and award-winning business leader with specialist knowledge in digital technology, data, content development, media and mobile and has held CEO positions within WPP, Interpublic Group and Publicis Groupe and more recently as Interim CEO at Weve Limited, the jointly funded mobile venture invested in by O2, EE and Vodafone. Tim has his own consultancy business; Morph Management Ltd, running strategic business reviews, business change and M&A projects, and advises the investment market (PE/VC) on current and future investment opportunities in technology-based companies.</p>
<p>Trevor (Bruno) Brookes <i>Chief Executive</i> aged 58</p>	<p>Bruno Brookes is the founder of Immedia. After a career as a radio and TV presenter, where he collected numerous awards for his work and spent eleven years with BBC Radio One, Bruno set up BBME which offered a number of related media services including design, broadcast training, artist management and broadcast production. In November 1999 Bruno founded Immedia and has been Chief Executive since that date.</p>
<p>Ross Penney <i>Business Affairs Director</i> aged 54</p>	<p>Ross graduated from Cambridge in 1986. He was Head of Licensing at collecting society VPL, during which time he gained an MBA from Imperial College London. He set up a consultancy in 1998 before joining Cube which was acquired by Immedia Group Plc in 2006. His role at Immedia covers all aspects of the legal and business affairs functions including contracts and music licensing.</p>
<p>Mark Horrocks <i>Non-Executive Director, Chairman of Remuneration Committee</i> aged 55</p>	<p>Mark joined the city in 1983 as a Financial Analyst to the Guardian Royal Exchange Group Plc and went on to manage the UK equity portfolios of the main Pension and Life funds representing assets of over £2bn until leaving in 1997 to pursue his own interests in the small company marketplace. He went on to join the boards of several quoted small companies and gained a greater understanding of the needs of such companies as quoted businesses. He is currently a partner of Intrinsic Capital LLP, which trades as Intrinsic. London.</p>
<p>Simon Leathers <i>Non-Executive Director, Chairman of Audit Committee</i> aged 44</p>	<p>Simon qualified as a Chartered Accountant in 1999 and has over seventeen years of corporate finance experience. Over this time he has provided financial and regulatory advice to a number of private and public companies in both retained and transaction roles. He has acted as lead corporate finance adviser on a broad range of capital market transaction types, and in doing so he has fulfilled the role of Nominated Adviser for the LSE's AiM market and Sponsor for the LSE's Main Market.</p>

The Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term.

The Board is kept abreast of developments of governance, legal and accounting changes and AIM regulations by the Company's advisers and all Directors have access to the Company's NOMAD, company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary. Training and professional development needs are regularly reviewed.

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

The Directors are in regular dialogue with one another and these direct opportunities provide the constant ability to raise queries or suggestions regarding the strategic direction of the Company. Where appropriate the Chairman then ensures that these matters are on the agenda for the next Board meeting. The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process, although the option of doing so is kept under review.

On an ongoing basis, board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members.

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

The Company recognises the importance of promoting an ethical corporate culture, interacting responsibly with all stakeholders and the communities in which the Company operates. The Board considers this to be essential if medium and long term value is to be delivered.

The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback.

The Company has adopted policies to deal with corruption and bribery and to comply with the UK Bribery Act.

The Directors are mindful of the industry in which the business operates and takes all issues of ethical behaviours seriously. These behaviours are instilled throughout the organisation.

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

The Chairman has the responsibility for ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. Tim Hipperson not only engages with customers, shareholders but also other stakeholder groups to ensure there is a strong relationship between them and the Company.

The Board

The Board retains full and effective control over the Company and holds regular meetings at which financial, operational and other reports are considered and where appropriate voted upon. The Board is responsible for the Group's strategy and key financial and compliance issues.

There are certain matters that are reserved for the Board, they include:

- approval of the Group's strategic aims and objectives;
- approval of the Group's annual budgets and any material changes to them;
- Review of Group performance and ensuring that any necessary corrective action is taken;
- Any decision to cease to operate all or any part of the Group's business;
- Major changes to the Group's corporate structure and management and control structure;
- Any changes to the Company's listing;
- Changes to governance and key business policies;
- Ensuring maintenance of a sound system of internal control and risk management;
- Approval of half yearly and annual report and accounts and preliminary announcements of final year results;
- Reviewing material contracts and contracts not in the ordinary course of business.

As the Company grows, the Directors will ensure that the governance framework remains in place to support the development of the business.

The Committees

The Audit Committee is comprised of Simon Leathers and Mark Horrocks and is chaired by Simon Leathers. It meets a minimum of twice a year, has written terms of reference and its remit is to review the annual and interim accounts and the appropriateness of accounting policies, to review the internal controls and financial reporting, and to make recommendations on these matters to the Board. It also considers the appointment and fees of the external auditors, the resulting reports, and it discusses the action taken on problem areas identified by Board members or in external audit reports. The Chairman of the Audit Committee reports the outcome of the Audit Committee meetings to the Board and the Board receives the minutes of all Audit Committee meetings.

The Remuneration Committee, which is comprised of the Mark Horrocks and Simon Leathers, is chaired by Mark Horrocks and meets a minimum of twice a year. Its remit is to assess the performance of the Executive Directors and to consider and make recommendations to the Board on remuneration policy for Executive Directors and Senior Managers of the required calibre.

The Company does not have a separate Health and Safety Committee, but HSE is of the upmost importance to the business and an HSE update is discussed at every Board meeting.

Given the current size of its Board, the Board deems it unnecessary to establish a formal Nomination Committee and nominations to the Board will be dealt with by the whole Board. This position will be reviewed on a regular basis by the Board.

Over the past year there have been formal committee meetings as follows:

Committee	Number of meetings
Audit	2
Remuneration	6

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

The Board is committed to maintaining an open dialogue with shareholders. Communication with shareholders is co-ordinated by the Directors. Throughout the year, the Board maintains a regular dialogue with its major investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM Rules for Companies, Market Abuse Regulations and requirements of the relevant legislation. Twice a year, at the time of announcing the Group's half and full-year results, the Company prepares presentations for its current and potential shareholders to update them on developments and to receive feedback and suggestions from them.

The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published on the Group's website.

The Annual General Meeting ('AGM') is the principal opportunity for private shareholders to meet and discuss the Group's business with the Directors. There is an open question and answer session during which shareholders may ask questions both about the resolutions being proposed and the business in general. The Directors are also available after the meeting for an informal discussion with shareholders.

If a significant proportion of votes (i.e. over 20%) were ever cast against a resolution, the Company would, on a timely basis, provide an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.