

IMImobile PLC

(“IMI” or “the Company” or “the Group”)

Acquisition of Archer Digital (South Africa) and Trading Update

IMImobile (AIM:IMO), the London based global technology company which provides software and services for enterprise mobile engagement, is pleased to announce that it has agreed to acquire Archer Digital Limited (“Archer”) an established leading provider of mobile engagement solutions in South Africa.

For over 10 years, Archer has delivered critical consumer communications over mobile channels on behalf of leading banks, utilities and government. Products include personalised mobile statements, mobile marketing and customer service messaging and are considered highly complementary to the existing IMImobile offering.

Management considers the acquisition of Archer to be highly strategic with significant opportunities to leverage IMImobile’s African footprint to expand into the wider enterprise market.

The consideration, all payable in cash, consists of an initial consideration of \$5.2m and a deferred consideration payment of up to \$0.4m payable 90 days after completion.

After taking into account investment in integration and sales and marketing expenses, the company expects the acquisition to be earnings neutral in the current year and earnings enhancing thereafter.

Highlights:

Acquisition

- Archer delivers critical consumer communications over mobile channels on behalf of leading banks, utilities and government. Products include personalised mobile statements, mobile marketing and customer service messaging.
- Archer is based in Johannesburg, South Africa and employs over 50 staff.
- Revenues have grown at CAGR of 26% over the last four years. Revenue and adjusted profit after tax of ZAR117m (£5.5m) and ZAR11m (£0.5m), respectively, were reported for the year ending 31 December 2014. At 31 December 2014 Archer had net assets of £1.2m.
- Significant opportunities to leverage IMImobile’s African mobile operator and operational footprint to expand into the wider African enterprise market.
- Complementary to existing IMImobile offering providing significant cross-sell and lead generation opportunities.
- The Company expects to invest in integration and sales and marketing during FY2016 and anticipates the acquisition to be enhancing to earnings in FY2017 and beyond.

Trading update

- Trading for the six months ended 30 September in line with directors’ expectations.

- Investment in sales, marketing and product development activities will be increased in the second half of the financial year to accelerate growth in future periods.
- Board highly confident of enlarged Group prospects and achieving full year market expectations.

Commenting on the Acquisition Jay Patel, Chief Executive Officer of IMImobile said:

"We see tremendous opportunities in Africa for enterprises to use mobile as a communication channel driven by the explosion of mobile devices and better networks as well as the limitations of the physical infrastructure. Archer has been successfully working with leading blue chip clients over many years and we believe that combined with IMImobile's software and solutions we will be able to leverage the existing client relationships and extensive experience of the Archer team to seize this great opportunity."

Background to and reasons for the Acquisition

Over the next seven years mobile operators are planning to spend \$100bn in expanding their coverage and capacity across sub-Saharan Africa and smartphone penetration is expected to grow from 72 million in 2013 to 525 million in 2020 according to the GSMA. As there is also limited physical infrastructure across Africa the addressable market for mobile engagement solutions will become more substantial as large enterprises embrace mobile as the major channel for customer communication.

Archer is an established leading provider of patented mobile engagement solutions in South Africa, working with mainly large customers, from various sectors including banking, government municipalities, satellite services, retail and mobile operators. Archer's key products and services include mobile bank and credit statements, billing reminders and payment transaction services.

The acquisition of Archer further enhances IMImobile's footprint across the region adding new customers across key verticals alongside existing mobile operator clients. Archer's products will be integrated and offered as part of IMImobile's international portfolio of enterprise mobile engagement solutions.

The experienced management and operational team within Archer is another key attraction for the transaction. They have successfully built and consistently grown a profitable business in South Africa serving blue chip clients for whom excellence in customer communications is expected. The team also adds a creative capability to IMImobile's broader offering.

Archer fits well with IMImobile's approach of acquiring access to customers, profits and positive cash flow, and helps strengthen the company's position to exploit the enormous opportunities presented by the Africa market.

Post-Acquisition Integration

The directors believe that Archer's platform and services offering will integrate into the existing IMImobile platform. The Group will utilise Archer's existing infrastructure and presence in the South Africa market to expand the penetration of its global portfolio of enterprise products across the region, while enabling Archer's technology and products to be offered to new international markets outside of South Africa as part of IMImobile's global operation.

Terms of the Acquisition

The maximum total consideration for the acquisition is \$5.6m comprising an initial consideration of \$5.2m payable in cash with a deferred payment of up to a maximum of \$0.4m in cash. The consideration will be met from the Group's existing cash resources. Archer is debt free.

In order to retain and incentivise the existing Archer management team and to satisfy black economic empowerment regulatory requirements in South Africa, the management team will be able to earn up to 20% of the equity of Archer, and a further 10% is expected to be sold to a minority investor shortly after completion.

Trading update

Before the Group enters its close period ahead of the announcement of its interim results, expected to be in early December, the Board is pleased to provide the following update on trading.

We have made a good start to the year and trading in the first six months has been in line with directors' expectations. We continue to see opportunities for growth and will be increasing investment in the second half of the year in sales, marketing and product development in order to accelerate growth in future periods.

The Board remains highly confident about the Group's prospects for the remainder of the year and the achievement of profit expectations for the enlarged Group for the full year ending March 2016.

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About IMImobile PLC

IMImobile is a leading provider of software and services for mobile engagement. Its products and services, delivered in over 60 countries help its clients to communicate and transact with their customers more effectively on mobile devices. The Company's solutions allow customers to use

mobile as a channel to create new revenue streams, as a CRM and customer engagement channel, and as a channel to improve business operations.

IMImobile's suite of products is modular, scalable and delivered through cloud infrastructure which is integrated into mobile operator networks, internet services and social media platforms. The products and solutions have helped IMImobile establish a blue-chip client base of leading mobile operators and global enterprises. Key customers include Vodafone, O2, Telefonica, Aircel, Airtel, BSNL, AT&T, MTN, France Telecom, Centrica, Coca-Cola, Universal Music, Tata, the AA, the BBC and major financial institutions.

The Company is headquartered in London with regional head offices in Hyderabad, Atlanta and Dubai and has approximately 690 employees worldwide.