The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

26 November 2019

IMIMOBILE PLC

("IMImobile" or "the Group")

Interim results for the six months ended 30 September 2019

"Strong organic growth and strategic progress in North America"

IMImobile PLC, a cloud communications software and solutions provider, today announces its consolidated unaudited interim results for the six months ended 30 September 2019.

The Group is pleased to report it has continued to maintain strong momentum and has now achieved a five-year gross profit compound annual growth rate (CAGR) of 21%.

Key financial highlights

- Performance in line with Board expectations, with on-going positive momentum
- Revenue up 24% to £83.0m (2018: £67.2m)
    - Organic[1] revenue growth of 18%
- Gross profit up 21% to £35.2m (2018: £29.2m)
    - Organic[1] gross profit growth of 12%
- Adjusted EBITDA[2] up 27% to £9.8m (2018: £7.7m)
- Adjusted profit after tax[2] up 12% to £5.2m (2018: £4.7m)
- Profit after tax on a statutory basis of £0.7m (2018: loss of £0.1m)
- Adjusted diluted EPS[2] up 5% to 6.9p (2018: 6.6p)
- Adjusted cash generated from operating activities[2] of £12.5m representing operating cash conversion[3] of 127% (2018: 80%)
- Net debt[4] at 30 September 2019 of £21.8m (31 March 2019: £7.5m) following the increase of debt facilities by c£15m to fund the acquisition of 3Cinteractive for initial consideration of $43.2m

Operational highlights

- Organic growth in all regions and business units
- Milestone strategic acquisition of 3Cinteractive Corp. ("3Cinteractive") being integrated, strengthening position in North America and establishing a global leadership position in Rich Communications Services ("RCS") Business Messaging
- Strong period of new client wins – multiple new contract wins across all regions, renewals of all major contracts falling due in the period with strong pipeline of new opportunities
- Various new launches utilising new richer messaging channels, Apple Business Chat, RCS and WhatsApp Business

Subsequent events

- Post period end acquisition of Rostrvm, a UK-based contact centre software provider, for up to £3.5m to provide the Group with additional voice channel and contact centre capabilities

[1] Excluding acquired business of Impact Mobile and 3C.
[2] See note 5 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.
[3] Cash conversion is defined as adjusted cash generated from operations (see note 5) as a percentage of adjusted EBITDA
[4] Net debt is defined as cash and cash equivalents less bank borrowings and reflects cash paid to acquire Impact Mobile in July 2018.

Jay Patel, Chief Executive Officer of IMImobile PLC, commented:

"89% of companies are now competing primarily on the basis of customer experience[1], meaning demand for customer communication software has never been greater. Our enterprise-grade offering, and comprehensive set of applications addresses the needs of the largest complex global organisations. With the introduction of new, richer communication channels, we are excited about the possibilities for dramatically improving customer experience."

"We have made strong organic progress throughout the first half of the year and expect the positive momentum to continue through to the year end and beyond. The acquisition of 3Cinteractive provides a solid foundation in the US and we are very confident of success in this market. The outlook for the year is positive and we are trading in line with Board expectations."

[1] Gartner, Importance of Customer Experience Is on the Rise; Marketing Is on the Hook.

An analyst meeting will be held at 11:00am today at the offices of Investec Bank plc, 30 Gresham Street, London, EC2V 7QP. To attend please contact Alma PR.

For further information please contact:

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About IMImobile PLC

IMImobile is a communications software provider whose solutions enable enterprises to automate digital customer communications and interactions to improve customer experience and reduce operating costs.

IMImobile's enterprise cloud communications software platform orchestrates customer interactions, connecting existing business systems with digital communications channels. Organisations that trust us to deliver smarter digital customer engagement include Hermes, Centrica, AA, O2, EE, BT, Walgreens, Tracfone, Ooredoo, Best Buy, Express, three of the major retail banks in the UK and public-sector organisations globally.

IMImobile is headquartered in London with offices across the UK, Hyderabad, Toronto, Boca Raton, Dubai and Johannesburg and has over 1,100 employees worldwide. IMImobile is quoted on the London Stock Exchange's AIM market with the TIDM code IMO.

Chief Executive's Report

We are delighted with the progress we have achieved in the last six months, having delivered organic growth across all the regions in which we operate, with overall gross profit growth of 21%, of which 12% was organic. This was driven by both winning new customer contracts and increasing our share of interactions within existing customers. Significant new customers typically procure through competitive tender processes and our success in these demonstrates the strength of our technology offering. We have won significant competitive tenders in all regions in the period and these provide the foundations and confidence for future success.

Technology will continue to fundamentally change how businesses engage with their customers. A generation of new digital first businesses such as Uber and Amazon have played a significant role in reshaping consumer expectations for business interactions. We continue to see many traditional large consumer-facing enterprises face significant challenges in delivering great customer experiences. Common challenges across sectors include difficulty integrating new communication channels, inability to automate customer interactions , data being spread across legacy systems and departments as well as increasing regulatory requirements. These common challenges underpin the need for technology solutions that can bridge the needs of consumers and complexities of enterprise IT systems.

Our core platform, IMIconnect, bridges the gap between business systems and existing and new communications channels to deliver mission-critical communications for large enterprises. We are pleased that the core capabilities of the Group have increasingly been recognised by leading analysts such as Gartner and IDC, most recently being named as a major player in the 2019 IDC Worldwide Cloud Communications Platform-as-a-Service Marketscape[1].

With the acquisition of US-based company, 3Cinteractive, we have greatly increased our North American footprint and have become the global market leader for RCS Business Messaging. There is a now a significant opportunity to leverage our core technologies in the US, the largest addressable market for our product set, and to leverage the expected growth in the RCS market, which is expected to grow to £16.2 billion in 2023[2].

[1] http://ahoy-temp.twilio.com/idc-communications-platform-marketscape
[1] https://www.gsma.com/futurenetworks/wp-content/uploads/2019/04/RCS-KL-Lab-Mobilesquared-Final.pdf

Progress made against all growth initiatives

We have continued to deliver on our long-term growth strategy which focuses on four clear objectives:

1. To grow our share of customer interactions within existing clients;
2. To accelerate market penetration of our technologies through partnerships;
3. To be at the forefront of introducing new innovative customer engagement technologies; and
4. To leverage acquisitions for market distribution.

Interactions

The growth in share of interactions and customer journeys continues within existing customers; we are currently projected to have 376 customers over £25k p.a. revenue and 52 over £500k p.a. revenue at full year, up from 316 and 43 respectively. Our technology offering includes various applications for different business functions, and we are making good progress selling multiple products into the same organisation.

Partnership programme

The partnership programme continues to gain momentum with our first client wins originated through new relationships with Telia in Scandinavia and a major cloud contact centre software provider in the US. We also announced a new RCS-based partnership with the US-based leading network software provider, Mavenir. We have developed a strong pipeline of further partnership opportunities and we expect to have significant client wins in the second half of the year.

Innovation

In the period, we launched a virtual clinic solution (branded eClinic) for the NHS in the UK, which allows healthcare professionals to conduct video consultations with patients as an alternative to face-to-face appointments without the need to download any additional applications or technology. This solution will enable the NHS to operate in a more effective and cost-efficient way. We also incorporated new communications channels such as Apple Business Chat, RCS and WhatsApp Business into many of our products and successfully launched live services for nPower, Vodafone, EE and Vauxhall. We are one of only a few official technology providers approved by Google, Apple and Facebook to provide blue-chip companies with these channels.

Acquisitions

The acquisition of 3Cinteractive has consolidated our position in the North American market and provides a great platform for significant growth. In the first couple of months since the acquisition was completed, we have had several workshops with the customers of 3Cinteractive and are encouraged by the pipeline of opportunities already developing to cross-sell and up-sell the core product set. We have a successful track record with our previous acquisitions in delivering revenue synergies and continue to review acquisition opportunities on a regular basis.

Regional Review

Although the technology trends impacting the business are global, the market opportunities and business models reflect local environments. As a result, the commercial activities of the business are managed and best reviewed on a regional basis. Given the growing proportion of our business now in North America, IMImobile will report Europe and the Americas separately going forward.

Europe – Revenue up 23% to £57.2m (2018: £46.6m); Gross profit up 10% to £19.1m (2018: £17.3m)
54% of Group gross profit in the period

Continued momentum was delivered in Europe, with organic gross profit growth of 10%. We are pleased to have delivered MRR (monthly recurring revenue) growth in each of our key business units, namely operators, enterprise, public sector and SMB. We have cemented our market leading position in the UK and are confident of additional budgets being made available for digital transformation. In the period, we have also started delivering services in Scandinavia and developing opportunities across Europe.

The initial opportunity for RCS has been in helping mobile operators use the channel for communication with their own customers and we have been working with the three major UK operators in launching specific use cases to test and learn. We have also worked with them to develop the commercial strategy for enterprises and expect A2P ("application to person") RCS functionality to be available for enterprises in the coming months. This will be a good opportunity for the business to demonstrate its technology leadership. Post period end, we also renewed and enhanced the scope of a major long-term contract with a leading operator for messaging gateway services.

We have had multiple contract wins within the enterprise sector. In the banking sector, our growth has been driven by fraud prevention use cases and regulatory requirements for notifications. We have also had good traction within the utilities and gambling and gaming sectors and have a healthy pipeline of new business opportunities.

Our UK Healthcare division continues to perform well with communication volumes up by over 20% and services launched with four new NHS Trusts. The "patient portal" proposition that delivers digital letters to replace physical letters where possible, has good momentum and has been recognised within the industry, winning multiple awards including 'Best Digital Solution' at the Public Sector Paperless awards and 'Best Time Administration Savings' at the Health Tech awards.

Our product in the SMB segment, Textlocal, continues to grow strongly with record trading months in the period. The product has over 14,500 active customers with growth being driven by the higher spend customers that have the potential to be up-sold additional services.

We are also pleased with the momentum gained through established partnerships. We have secured our first client through our Telia partnership and have a good pipeline of other partner-led opportunities.

Post period end, on 25 November, we completed the acquisition of Rostrvm Solutions Limited, a UK-based contact centre software provider, for a consideration of up to £3.5 million. This acquisition will provide us with additional voice channel and contact centre capabilities to enhance our customer service offering. The Group has successfully worked with Rostrvm previously on cloud contact centre opportunities. For more information on this acquisition, please see Note 9.

Americas – Revenue up 87% to £8.3m (2018: £4.4m); Gross profit up 97% to £5.8m (2018: £3.0m)
17% of Group gross profit in the period

Following a successful round of equity fundraising of £20 million in July 2019 and increased debt facilities of £42 million the Group completed the milestone strategic acquisition of US-based mobile engagement platform company, 3Cinteractive, in August 2019. As previously highlighted, this acquisition considerably strengthened our operational capabilities in the region and established the group as a global leader for RCS Business Messaging. The acquisition has significantly strengthened the regional management team and we are now confident that we have the necessary experience, scale and strength of offering to drive significant growth in the largest addressable market for the Group's products. Since the acquisition completed in late August, we have consolidated all the North American operations into one team, realigned reporting structures and targets and put in place a Group management structure that prioritises this region.

The existing Americas business continued to perform well, with organic growth of 4% driven by increasing messaging volume in the Canadian market where we have a leadership position in aggregation services. The increasing volume was from existing customers and a broad spread of new aggregation customers.

With the enhanced teams in the region, we have now been able to make available the core technologies of the Group in both the US and Canada and expect new clients signed in the first half to go live in the second half of the year. We also engaged in a series of workshops with existing clients and the initial feedback has been very positive.

Middle East and Africa ("MEA") – Revenue up 3% to £7.9m (2018: £7.7m); Gross profit up 10% to £5.0m (2018: £4.6m)
14% of Group gross profit in the period

The MEA region achieved 10% organic gross profit growth with growth both in the enterprise and mobile operator segments.

After a period of headwinds, the operator segment has stabilised, and we expect new customers that have been developed in the first half to contribute to the second half performance.

We have been successful in developing new business in the UAE for our core technology capabilities. This includes a new multi-country contract with one of the largest banks in the Middle East for IMIchat and we have also launched a chatbot solution for the Dubai Electricity and Water Authority (DEWA).

In South Africa, we continue to experience strong growth in the financial services sector with additional long-term contracts secured including a new multi-year contract with one of the largest banks in the region.

We remain excited about our prospects in the MEA region and have a good pipeline of opportunities across all the major sectors in which we operate.

Asia Pacific ("APAC") – Revenue up 13% to £9.6m (2018: £8.5m); Gross profit up 22% to £5.3m (2018: £4.3m)

15% of Group gross profit in the period

The APAC region delivered strong organic gross profit growth of 22%. Growth came from across the different business units.

The operator segment was robust as we continue to deliver projects to Telenor under the multi-product framework established over 2 years ago. We also have developed new promising operator relationships in Indonesia and will be delivering solutions that automate customer services in the second half. Enterprise momentum has been accelerating and we have successfully onboarded several new blue-chip, enterprise customers such as Hyundai, Britannia and Skoda onto IMIconnect, enabling these major brands to communicate with their customers using WhatsApp.

Textlocal India has also continued to perform very well; the business experienced significant year on year growth and has onboarded 6,000 new customers during the first six months of the year. Over 120 million messages were sent using the platform in September and there is a growing pipeline of customers wanting to use WhatsApp as well.

Outlook

The Board has been encouraged by the strong first half of the year having delivered growth in all regions in which the Group operates. We remain excited by the structural growth opportunity in customer communications and, with an experienced team established in key geographic markets, the Board believes that the Group is well positioned to continue to deliver on its strategic priorities in the second half with current trading in line with expectations.

Jay Patel

CEO

Cautionary statement

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could, is confident, or other words of similar meaning. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and IMImobile's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are a number of factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are; increased competition, the loss of or damage to one or more key customer relationships, the outcome of business or industry restructuring, changes in economic conditions, currency fluctuations, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the failure to retain key management, or the key timing and success of future acquisition opportunities or major investment projects.

IMImobile undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.

IMIMOBILE PLC CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited Consolidated Income Statement

for the six months ended 30 September 2019

	Notes	Six months ended 30 September 2019 £000	Six months ended 30 September 2018 £000
Revenue	4	83,039	67,233
Cost of sales		(47,843)	(38,040)
Gross profit	4	**35,196**	**29,193**
Operating costs:			
Other operating costs		(25,353)	(21,473)
Depreciation of PPE and amortisation of internally generated intangibles		(2,763)	(2,010)
Amortisation of acquired intangibles		(1,743)	(1,119)
Share-based payment charge:			
- employee share schemes		(543)	(497)
- contingent consideration on acquisitions		(1,107)	(2,294)
Acquisition costs		(1,727)	(652)
Exchange gains on the Nigerian Naira		-	28
Operating profit		**1,960**	**1,176**
Finance income		29	254
Finance cost		(694)	(274)
Profit before tax		**1,295**	**1,156**
Tax		(588)	(1,248)
Profit / (loss) for the period		**707**	**(92)**
Profit / (loss) for the period attributable to:			
Equity holders of the parent company		687	(113)
Non-controlling interest		20	21
Profit / (loss) for the period		**707**	**(92)**
Adjusted EBITDA[1]		**9,843**	**7,720**
Basic earnings per share	5	1.0p	(0.2p)
Adjusted basic earnings per share	5	7.5p	7.3p
Diluted earnings per share	5	0.9p	(0.2p)
Adjusted diluted earnings per share	5	6.9p	6.6p

The accompanying notes are an integral part of the consolidated interim financial statements and are all attributable to continuing operations.

[1] Adjusted EBITDA is operating profit plus depreciation and amortisation, share based payment charges, acquisition related costs and exchange gains on the Nigerian Naira. See note 5 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

Unaudited Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2019

	Six months ended 30 September 2019 £000	Six months ended 30 September 2018 £000
Profit / (loss) for the period	**707**	**(92)**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
Equity holders of the parent	1,202	(67)
Non-controlling interest	25	(14)
Other comprehensive income / (expense) for the period	**1,227**	**(81)**
Total comprehensive income / (expense) for the period	**1,934**	**(173)**
Total comprehensive income / (expense) for the period attributable to:		
Equity holders of the parent	1,889	(180)
Non-controlling interest	45	7
Total comprehensive income / (expense) for the period	**1,934**	**(173)**

The accompanying notes are an integral part of the consolidated interim financial statements.

IMImobile

Unaudited Consolidated Statement of Changes in Equity

for the six months ended 30 September 2019

	Share capital £000	Share premium £000	Translation reserve £000	Share-based payment reserve £000	Capital restructuring reserve £000	Retained earnings/ (deficit) £000	Total equity attributable to shareholders of parent £000	Non-controlling interest £000	Total equity £000
Balance at 31 March 2018	**6,204**	**1,246**	**1,759**	**10,782**	**(29,040)**	**63,104**	**54,055**	**107**	**54,162**
(Loss) / profit for the period	-	-	-	-	-	(113)	(113)	21	(92)
Foreign exchange differences	-	-	(67)	-	-	-	(67)	(14)	(81)
Credit to equity for share-based payments	-	-	-	2,430	-	-	2,430	-	2,430
Deferred tax on share-based payments	-	-	-	-	-	468	468	-	468
Debit to share based payment reserve	-	-	-	(2,387)	-	-	(2,387)	-	(2,387)
Proceeds from share issue	329	1,991	-	(600)	-	-	1,720	-	1,720
Balance at 30 September 2018	**6,533**	**3,237**	**1,692**	**10,225**	**(29,040)**	**63,459**	**56,106**	**114**	**56,220**
Loss for the period	-	-	-	-	-	(1,142)	(1,142)	(78)	(1,220)
Foreign exchange differences	-	-	(217)	-	-	-	(217)	83	(134)
Net actuarial losses recognised on defined gratuity plan	-	-	-	-	-	(9)	(9)	-	(9)
Credit to equity for share-based payments	-	-	-	3,989	-	-	3,989	-	3,989
Deferred tax on share-based payments	-	-	-	-	-	(655)	(655)	-	(655)
Proceeds from share issue	14	199	-	(127)	-	-	86	-	86
Debit to share based payment reserve	-	-	-	(1,547)	-	-	(1,547)	-	(1,547)
Tax relief on exercised share-based payments	-	-	-	-	-	347	347	-	347
Issue of shares as part of acquisition	124	3,230					3,354		3,354
Subscription in non-controlling interest's shares of IMImobile South Africa Pty Limited	-	-	-	-	-	-	-	(311)	(311)
Balance at 31 March 2019	**6,671**	**6,666**	**1,475**	**12,540**	**(29,040)**	**62,000**	**60,312**	**(192)**	**60,120**
Profit for the period	-	-	-	-	-	687	687	20	707
Foreign exchange differences	-	-	1,199	-	-	-	1,199	25	1,224
Credit to equity for share-based payments	-	-	-	1,578	-	-	1,578	-	1,578
Deferred tax on share-based payments	-	-	-	-	-	46	46	-	46
Debit to share based payment reserve	-	-	-	(5,461)	-	-	(5,461)	-	(5,461)
Proceeds from share issue	754	20,626	-	(533)	-	-	20,847	-	20,847
Cost of share issue	-	(662)	-	-	-	-	(662)	-	(662)
Issue of shares as part of acquisition	16	498	-	-	-	-	514	-	514
Adoption of IFRS 16	-	-	-	-	-	2	2	-	2
Balance at 30 September 2019	**7,441**	**27,128**	**2,674**	**8,124**	**(29,040)**	**62,735**	**79,062**	**(147)**	**78,915**

The accompanying notes are an integral part of the consolidated interim financial statements.

Unaudited Consolidated Statement of Financial Position

as at 30 September 2019

	Notes	As at 30 September 2019 £000	As at 31 March 2019 £000
Non-current assets			
Goodwill		69,598	43,637
Other intangible assets		53,636	29,607
Property, plant and equipment (“PPE”)		7,574	4,347
Deferred tax assets		1,948	550
Total non-current assets		**132,756**	**78,141**
Current assets			
Cash and cash equivalents		16,410	13,247
Trade and other receivables		50,041	50,615
Total current assets		**66,451**	**63,862**
Current liabilities			
Trade and other payables		(62,965)	(54,385)
Provision for deferred/contingent consideration		(2,665)	(1,806)
Bank borrowings	6	(3,486)	(1,611)
Total current liabilities		**(69,116)**	**(57,802)**
Net current (liabilities) / assets		**(2,665)**	**6,060**
Non-current liabilities			
Provision for deferred/contingent consideration		(5,001)	(57)
Bank borrowings	6	(34,733)	(19,120)
Provision for defined benefit gratuity		(1,148)	(1,032)
Deferred tax liabilities		(8,952)	(3,872)
Other provisions		(1,342)	-
Total non-current liabilities		**(51,176)**	**(24,081)**
Net assets		**78,915**	**60,120**
Equity attributable to the owners of the parent			
Share capital		7,441	6,671
Share premium		27,128	6,666
Translation reserve		2,674	1,475
Share-based payment reserve		8,124	12,540
Capital restructuring reserve		(29,040)	(29,040)
Retained earnings		62,735	62,000
Equity attributable to shareholders of the parent		**79,062**	**60,312**
Non-controlling interest		(147)	(192)
Total equity		**78,915**	**60,120**

The accompanying notes are an integral part of the consolidated interim financial statements.

Unaudited Consolidated Cash Flow Statement

for the six months ended 30 September 2019

	Notes	Six months ended 30 September 2019 £000	Six months ended 30 September 2018 £000
Operating activities			
Cash from operating activities	7	10,778	5,490
Tax paid		(364)	(520)
Net cash from operating activities		**10,414**	**4,970**
Investing activities			
Interest received		29	254
Purchases of PPE and intangible assets		(4,201)	(3,467)
Acquisition of subsidiary net of cash acquired	8	(33,153)	(14,480)
Contingent consideration as part of Infracast acquisition		(4,947)	(2,387)
Contingent consideration as part of Healthcare acquisition		(1,750)	-
Net cash used in investing activities		**(44,022)**	**(20,080)**
Financing activities			
Bank loan received		40,635	10,000
Repayment of bank loans		(22,583)	(163)
Bank loan fees		(493)	-
Interest paid		(614)	(274)
Loans issued to related parties		(748)	-
Proceeds from issuance of Ordinary shares		20,185	1,720
Net cash used in financing activities		**36,382**	**11,283**
Net increase in cash and cash equivalents		2,774	(3,827)
Cash and cash equivalents at beginning of the period		13,247	15,743
Effect of foreign exchange rate changes		389	65
Cash and cash equivalents at end of the period		**16,410**	**11,981**

The accompanying notes are an integral part of the consolidated interim financial statements.

Notes to the unaudited consolidated interim financial statements

for the six months ended 30 September 2019

1. Basis of preparation

The condensed consolidated interim financial statements for the six-month period ended 30 September 2019 have been prepared under the measurement principles of IFRS, using accounting policies and methods of computation consistent with those set out in the Company's 31 March 2019 financial statements. As permitted by AIM rules the Group has not applied IAS 34 'Interim reporting' in preparing these interim reports.

IMImobile PLC (the "Company") is a company domiciled in the UK. The consolidated interim financial statements of the Company for the six-month period ended 30 September 2019 comprise of the Company and its subsidiaries (together referred to as "the Group").

The consolidated interim financial statements are prepared under the historical cost convention. A presentational currency of UK Pound Sterling has been used and accounts have been translated from other functional currencies into UK Pound Sterling.

The preparation of the consolidated interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The preparation of the consolidated interim financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated interim financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from the estimates.

2. Basis of consolidation

The Group interim financial statements incorporate the interim financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of in any period are included in the consolidated interim income statement from the date of acquisition or up to the date of disposal.

Goodwill is measured as the excess of the sum of consideration transferred. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies into line with those used by the Group. Inter-company balances and transactions, including inter-company profits and unrealised profits and losses are eliminated on consolidation.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement.

3. Accounting policies

The principal accounting policies adopted are consistent with those of the consolidated financial statements of IMImobile PLC for the year ended 31 March 2019.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements.

The intangible assets accounting policy states that software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 10 years. For clarity, all software development costs recognised as assets have been amortised over an estimated useful life of 7 years in the current and previous periods.

4. Business and geographical segments

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

The Chief Operating Decision Maker considers results principally by geographical region, which forms the Group's operating and reporting segments. Geographically, the operating segments are defined as Europe, Americas, Asia-Pacific (APAC) and Middle East and Africa (MEA), which also represent the Group's reportable segments.

The performance of the operating segments is assessed based on a measure of revenue and gross profit (the result for the segment). Any sales between segments are carried out at arm's length. As costs are shared across geographies, results from gross profit to profit after tax are assessed on a consolidated basis only. The Group does not regularly provide information in relation to the assets or liabilities of operating segments to management.

Geographical revenue and results

The following is an analysis of the Group's revenue and results by geographical segment:

	Europe £000	Americas £000	MEA £000	APAC £000	Total £000
Six months ended 30 September 2019					
Revenue	57,196	8,291	7,939	9,613	**83,039**
Gross profit	19,085	5,801	5,051	5,259	**35,196**
Operating costs					**(33,236)**
Operating profit					**1,960**

Net finance cost					**(665)**
Profit before tax					**1,295**
Tax					**(588)**
Profit after tax					**707**
Six months ended 30 September 2018					
Revenue	46,611	4,430	7,687	8,505	**67,233**
Gross profit	17,348	2,951	4,576	4,318	**29,193**
Operating costs					**(28,017)**
Operating profit					**1,176**
Net finance cost					**(20)**
Profit before tax					**1,156**
Tax					**(1,248)**
Profit after tax					**(92)**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3 for each period. The revenue from external parties reported is measured in a manner consistent with that in the consolidated interim income statement. Revenues are attributed to countries on the basis of the customer's location. The Group measures segment profit and loss as gross profit as reported. The Group does not allocate general administration, marketing and sales expenses to segments.

Additional voluntary disclosures

Alternative revenue model and results

The following disclosures are provided for additional purposes only and does not form part of the Group's segmental reporting under IFRS 8. In addition to geographical performance, the Chief Operating Decision Maker also considers the performance of the Group in line with its revenue model, which has also been disclosed below. The Group's revenue models are defined as:

1. Monthly recurring revenue ("MRR") which is made up of a mix of contracted, usage-based and transactional revenues.
2. Non-recurring revenue ("NRR") which is made up of licence, one-off and professional service revenues.

These alternative revenue models arise in all geographical segments. The following is an analysis of the Group's revenue and result by delivery model:

	MRR £000	**NRR £000**	**Total £000**
Six months ended 30 September 2019			
Revenue	78,240	4,799	**83,039**
Gross profit	31,011	4,185	**35,196**
Six months ended 30 September 2018			
Revenue	62,733	4,500	**67,233**
Gross profit	25,564	3,629	**29,193**

5. Earnings per share ('EPS')

	Six months ended 30 September 2019 pence	Six months ended 30 September 2018 pence
Basic EPS	1.0	(0.2)
Adjusted basic EPS	7.5	7.3
Diluted EPS	0.9	(0.2)
Adjusted diluted EPS	6.9	6.6

	Six months ended 30 September 2019 million	Six months ended 30 September 2018 million
Weighted average number of ordinary shares for the purpose of basic EPS	69.6	63.5
Effect of dilutive potential ordinary shares: share options	6.2	7.8
Weighted average number of ordinary shares for the purpose of diluted EPS	**75.8**	**71.3**

A number of non-GAAP adjusted profit measures are used in these consolidated interim financial statements. Adjusting items are excluded from our headline performance measures by virtue of their size and nature, in order to reflect management's view of the performance of the Group and facilitate the reader to compare performance against prior years more easily. Summarised below is a reconciliation between statutory results to adjusted results. The Group believes that alternative performance measures such as adjusted EBITDA are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), or based on factors which do not reflect the underlying performance of the business. The adjusted profit after tax earnings measure is also used for the purpose of calculating adjusted earnings per share.

	Statutory results £000	A £000	B £000	C £000	D £000	Adjusted results £000
Six months ended 30 September 2019						
Revenue	83,039	-	-	-	-	83,039
Gross profit	35,196	-	-	-	-	35,196
Operating costs	(33,236)	1,650	1,727	1,743	-	(28,116)
Operating profit	1,960	1,650	1,727	1,743	-	7,080
Profit before tax	1,295	1,650	1,832	1,743	-	6,520
Tax	(588)	4	(217)	(507)	-	(1,308)
Profit after tax	707	1,654	1,615	1,236	-	5,212
EBITDA[1]	6,466	1,650	1,727	-	-	9,843
Cash generated from operations	10,778	-	1,727	-	-	12,505
Basic EPS (pence)	1.0	2.4	2.3	1.8	-	7.5
Diluted EPS (pence)	0.9	2.2	2.1	1.7	-	6.9

	Statutory results £000	A £000	B £000	C £000	D £000	Adjusted results £000
Six months ended 30 September 2018						
Revenue	67,233	-	-	-	-	67,233
Gross profit	29,193	-	-	-	-	29,193
Operating costs	(28,017)	2,791	652	1,119	(28)	(23,483)
Operating profit	1,176	2,791	652	1,119	(28)	5,710
Profit before tax	1,156	2,791	842	1,119	(28)	5,880
Tax	(1,248)	280	(62)	(182)	-	(1,212)
Profit after tax	(92)	3,071	780	937	(28)	4,668
EBITDA[1]	4,305	2,791	652	-	(28)	7,720
Cash generated from operations	5,490	-	652	-	-	6,142
Basic EPS (pence)	(0.2)	4.8	1.2	1.5	-	7.3
Diluted EPS (pence)	(0.2)	4.3	1.1	1.4	-	6.6

Adjustments for costs which management do not consider reflect underlying business performance:

A Share-based payment charge net of tax

- £1,107,000 (2018: £2,294,000) relates to contingent consideration arising from acquisition activities
- £547,000 (2018: £777,000) relates to employee incentive share schemes

Share-based payment charges are commonly adjusted from headline results by similar companies which operate in the same markets as the Group. Management believe that share-based payments linked to acquisitions and the Company's IPO should be considered one-off in nature and do not reflect the underlying performance of the Group. Employee incentive share schemes have not been consistently granted to employees since IPO and the share-based payment expense in the income statement has therefore not been consistent over this period and the effect on profits do not reflect the underlying performance of the Group.

B Costs directly relating to acquisitions including retention bonuses payable to key management personnel of the acquired entity agreed at the time of acquisition.

C Amortisation of acquired intangibles. The majority of intangible assets acquired via acquisitions relate to value which has been created prior to acquisition, the cost of which has been expensed over time. Had the Group chosen to create these assets instead of acquiring them the related costs would have been expensed in prior periods. It is therefore considered appropriate to exclude the amortisation of these historic expenses from the adjusted results of the Group.

D Exchange losses incurred on the Nigerian Naira following its unpegging against the US Dollar on 20 June 2016. Management consider this to be an adjusting item until such time as the currency can be freely traded on the exchange market due to the lifting of restrictions imposed by the Central Bank of Nigeria.

[1] Unadjusted EBITDA is operating profit plus depreciation and amortisation.

6. Bank borrowings

	As at 30 September 2019 £000	As at 31 March 2019 £000
UK bank loans due in less than one year	3,252	1,392
South African bank loans due in less than one year	234	219
Bank loans due in less than one year	3,486	1,611
UK bank loans due in more than one year	34,693	18,898
South African bank loans due in more than one year	40	222
Bank loans due in more than one year	34,733	19,120

In August 2019 the UK bank loans outstanding at year end were repaid in full in order to drawdown new debt facilities to fund the acquisition of 3C. The new debt facilities include:

- £14,395,000 with a five-year term and an annual interest rate of between 1.65% and 2.35% plus LIBOR, based on the level of net leverage.
- £25,000,000 repayable over five years and bearing interest at an annual rate of between 1.65% and 2.35% plus LIBOR, based on the level of net leverage. Principal repayments of £837,500 were made in the period.
- Loan related costs of £493,000 have been capitalised and amortised in line with the five-year term of the loans.

A South African bank loan of ZAR 15,000,000 was taken by Archer Digital Limited in October 2016 and is repayable over four years. The loan is secured by fixed assets and bears interest at South Africa's prime rate plus 1%. Principal repayments of £103,000 were made in the period.

7. Notes to the Consolidated Cash Flow Statement

	Six months ended 30 September 2019 £000	Six months ended 30 September 2018 £000
Cash flows from operating activities:		
Profit before taxation	1,295	1,156
Adjustments:		
Net interest cost	665	20
Share-based payments	1,650	2,791
Depreciation of PPE and amortisation of intangible assets	4,506	3,129
Exchange (gains) / losses on the Nigerian Naira	-	(28)
Operating cash flows before movements in working capital:	**8,116**	**7,068**
Decrease / (increase) in receivables	4,839	(3,366)
(Decrease) / increase in payables	(2,246)	1,638
Increase in provision for defined benefit gratuity plan	69	21
Foreign exchange loss on working capital	-	129
Cash generated from operations	**10,778**	**5,490**

8. Acquisition of 3CInteractive Corp ("3C")

On 26 August 2019 the Group acquired 3C for a total consideration of \$53.8 million (\$53.2 million on a normalised working capital basis) (£44.0 million) comprising:

- initial consideration of \$43.8 million (£35.8 million) settled in cash, funded through the drawdown of new debt facilities (see note 6) and the raising of £19.6 million from the placing of 6,533,422 new Ordinary shares in the Company net of the costs of share issue; and
- deferred payments of \$10.0 million (£8.2 million) to be partly settled in cash and partly through the issue of 1,937,146 new Ordinary shares in the Company deferred for up to two years. These payments have been discounted to their net present value.

3C has direct relationships with US blue-chip enterprises and all major US carriers and provides a number of mobile engagement capabilities to enterprises, including mobile messaging, mobile coupons, mobile wallet, mobile web, and more across the United States. 3C is a pioneer in the Rich Communications Services (RCS) Business Messaging market in North America and the acquisition will see IMImobile establish a leadership position in deploying RCS Business Messaging solutions for large consumer-facing brands and enterprises globally.

The acquisition builds on the Group's position in North America which is the largest addressable market for its cloud product set. 3C's entrenched relationships with their long-standing blue-chip enterprise clients provides a market position that would have been difficult to achieve organically, and the Group is confident this will provide a solid foundation for up-sell and cross-sell of IMImobile's cloud platform capability. There is also a considerable opportunity to leverage 3C's direct connectivity with US mobile operators to attract new customers. Significant cost synergies have also been identified in technology development and central management.

3C has a highly experienced management team and the founders and existing management team will remain with the Group. Under IMImobile employment they will be incentivised to receive a cash bonus of up to \$2m subject to continuous employment over a two-year period post completion of the Acquisition and up to a maximum of a further self-generating \$4m subject to a combination of stretching gross profit growth and EBITDA performance conditions over the same period.

The results of the acquired entity which have been consolidated in the income statement from 26 August 2019 contributed £1.9 million of revenue and a loss of £0.2 million to the profit attributable to equity shareholders of the Group during the period. Had 3C been acquired at the start of the period the contribution would have been £12.9 million of revenue and a loss of £0.1 million after adjusting for acquisition related expenses.

The provisional purchase price allocation is set out in the table below:

	Fair value £000
Net assets acquired:	
Identifiable intangible assets:	
Customer relationships	12,373
Technology	6,105
Trade name	1,447
Deferred tax recognised on identifiable intangible assets:	
Customer relationships	(3,341)
Technology	(1,648)
Trade name	(391)
Property, plant and equipment	714
Intangible assets	4,389
Deferred tax asset	1,234
Trade and other receivables	2,393
Cash and cash equivalents	2,651
Trade and other payables	(7,228)
Net identifiable assets acquired	4,153
Goodwill	24,697
Total consideration	43,395
Cash consideration during the period	35,804
Cash acquired	(2,651)
Consideration during the period net of cash acquired	33,153
Cash consideration during the period	35,804
Consideration due in less than one year	2,622
Consideration due in more than one year	4,969
Total consideration	43,395

9. Post balance sheet event

Acquisition of Rostrvm

On 25 November 2019 the Group acquired the entire share capital of Rostrvm Solutions Limited ("Rostrvm"), a UK-based contact centre software provider, to provide the Group with additional voice channel and contact centre capabilities. The total consideration of £3.5m will be satisfied through £2.0m in cash on completion and £1.5m in cash deferred for up to two years, contingent on successful integration of the Rostrvm voice capability with the Group's platforms and achievement of revenue and gross profit targets. For the year ended 31 December 2018 Rostrvm reported revenue of £2.2m, EBITDA of £0.2m and net assets of £0.8m.