02 July 2019

IMIMOBILE PLC

("IMI" or "the Company" or "the Group")

Unaudited Preliminary Results for the year ended 31 March 2019

IMImobile PLC (AIM:IMO), a cloud communications software and solutions provider, today announces its Unaudited Preliminary Results ("Preliminary Results") for the year ended 31 March 2019.

Key financial highlights of the Group

- Revenue increased 28% to £142.7m (2018: £111.4m) of which 17% is organic[1]
- Gross profit increased 23% to £62.6m (2018: £50.7m) of which 7% is organic[1]
  - Organic growth 14% on a constant currency basis[2] excluding MTN in Middle East and Africa (MEA) region
  - Strong gross profit growth in Europe and Americas of 43% (16% organic[1]) with the region contributing over 70% of Group gross profit
  - Both the Asia-Pacific (APAC) region and enterprise business in South Africa delivered strong organic[1] gross profit growth of 14% and 20% respectively on a constant currency basis[2]
- Adjusted EBITDA[3] increased 35% to £18.0m (2018: £13.4m)
- Adjusted profit after tax[3] increased 39% to £10.8m (2018: £7.8m)
- Adjusted cash generated[3] from operations increased 47% to £16.9m (2018: £11.5m) with strong cash conversion[4] of 94% (2018: 86%)
- Operating profit on a statutory basis of £1.0m (2018: £2.7m) and loss after tax on a statutory basis of £1.3m (2018: profit after tax of £0.8m) after charging contingent consideration related expenses, acquisition costs and amortisation of acquired intangibles of £13.0m before tax (2018: £7.4m) and £12.1m after tax (2018: £7.0m)
- Net debt of £7.5m at 31 March 2019 (2018: net cash of £4.3m). This is after completion of the Impact Mobile acquisition during the year, acquired for net cash of £16.1m
- Established track record of performance since IPO with 5-year revenue CAGR[5] of 27% and 5-year gross profit CAGR[5] of 18%

Operational highlights of the Group

- Strong organic[1] growth from Europe & Americas, APAC and enterprise business in South Africa
- Number of clients that provide more than £500k p.a. revenue increased to 40 (33 in FY18) and clients with revenues between £100k p.a. and £500k p.a. increased to 83 (43 in FY18)
- Enhanced operating leverage benefitting from past investment in partnerships and R&D, with EBITDA margin[6] up to 28.8% (2018: 26.4%)
- Enhanced Enterprise communications platform as a service ("CPaaS") offering with the recent launch of new communications channels such as WhatsApp Business and Apple Business Chat
- Considerable commercial and technical progress made with partners including BT, Telia, Salesforce and NICE inContact
- Increasing focus on North American market, with good progress made through acquisition of Impact Mobile, which is performing as expected, and additional senior management hires and investment

[1] Excluding acquired business of Sumotext, Healthcare Communications, Impact Mobile and ExpressPigeon
[2] Constant currency is calculated by comparing the FY18 results with FY19 results retranslated at the rates of exchange prevailing during FY19
[3] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results
[4] Cash conversion is defined as adjusted cash generated from operations (see note 6) as a percentage of adjusted EBITDA
[5] Compound annual growth rate calculated against revenue of £43.4m and gross profit of £27.9m in the year ended 31 March 2014
[6] Adjusted EBITDA / gross profit

Outlook

The Group is at a very exciting stage of development with technology developments creating momentum in the customer communications sector for more automation and use of digital channels. We are ideally placed to capitalise on this momentum and we believe there is no clear category leader in this market and that, due to our leading position in the advanced UK market, we have an opportunity to play a leading role globally.

The financial year has started well with trading in line with expectations. We continue to have good earnings visibility due to our established client relationships and healthy pipeline of new deployments and high proportion of recurring customer revenues. We are confident in delivering continued organic growth across all parts of the business.

Jay Patel, Chief Executive Officer of IMImobile PLC, commented:
"We are pleased with the strong results and momentum we have in the business. This reflects the market dynamics shifting towards more automation and the use of digital channels for delivering better customer experiences. We have a great modular set of consumer engagement products and have invested significantly in IMIconnect, our Enterprise CPaaS offering, that we believe, in its category, is one of the most advanced platforms globally. We enter the new trading year with strong momentum and are confident in delivering continued organic growth across all parts of the business."

An analyst meeting will be held at 9.30am today at the offices of Newgate Communications. To attend please contact Newgate Communications.

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.

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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, Foxtons, Pizza Hut, Vodafone, MTN, 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, Little Rock, 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.

Chairman's Statement

It is my pleasure to welcome you to the Company's Preliminary Results for the year to 31 March 2019. It has been another strong year of progress for the Group with growth in all key adjusted financial metrics[1], as has been the case in each reporting period since the Company listed on AIM in 2014.

Group revenue and gross profit have grown by 28% to £142.7m, and 23% to £62.6m respectively. Adjusted EBITDA[1] has increased by 35% to £18.0m. Cash generation was also very strong, with 94% of adjusted EBITDA[1] converting to adjusted cash generated from operations[1]. On a statutory basis, operating profit decreased by 64% to £1.0m after charging contingent consideration related expenses, acquisition costs and amortisation of acquired intangibles of £13.0m.

In the period since listing, the Group has performed extremely well, delivering a 5-year revenue CAGR[2] of 27%, 5-year gross profit CAGR[2] of 18% and a 5-year adjusted EBITDA[1] CAGR[2] of 20%.

We have maintained our track record of organic gross profit growth, in spite of the well-publicised headwind from a single customer in the Middle East and Africa region. Our operations in Europe & Americas and Asia Pacific regions have performed very well in the year to 31 March 2019 with constant currency[3] gross profit growth of 16% and 14% respectively.

We have strengthened our market leading position in the UK and South African digital communications markets, adding customers and contracts in banking, mobile operator, utilities, logistics, hospitality and healthcare verticals. We have also obtained a market leading position in the Canadian market, following the acquisition of Impact Mobile in July 2018 and continue to search for further opportunities to strengthen our position in the important North American market.

The Management team continues to execute on the Group's strategic growth plans:

i. growing the share of interactions and customer journeys with existing accounts;
ii. accelerating market penetration through partnerships;
iii. introducing new innovative customer engagement technologies; and
iv. leveraging acquisitions for market distribution.

We have enhanced our leading Enterprise CPaaS position by launching services which leverage new communications channels including Apple Business Chat, Rich Communication Services ("RCS") and WhatsApp Business.

The acquisitions we have made have also continued to perform strongly. Successful up-sell and cross-sell to the customers of the businesses we have acquired are expected to continue to contribute to the Company's ongoing success.

The Board continues to monitor the status of Brexit and it remains our view that we do not think it will have a material impact on the Group's global operations.

It is incumbent on me to thank all the individuals across our growing Group for their loyalty, hard work and commitment which underpins our successes over the years. I am confident in the people we employee and their ability to maintain the progress of the last few years.

The current financial year has started well, and the Group is well positioned with a fantastic set of customers, motivated and experienced management team and leading product capability to take advantage of the opportunities for growth that exist in all geographies in which we operate.

[1] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results
[2] Compound annual growth rate calculated against revenue of £43.4m, gross profit of £27.9m and adjusted EBITDA of £7.2m in the year ended 31 March 2014
[3] Constant currency is calculated by comparing the FY18 results with FY19 results retranslated at the rates of exchange prevailing during FY19

Chief Executive's Report

I am pleased to report on a year of significant strategic and operational progress as well as strong financial performance.

The Company has been built to capitalise on the structural shift in how businesses communicate and interact with their customers. As businesses increasingly use digital channels and mobile centred engagement to improve customer experience and reduce costs, the Group's portfolio of software and services are designed to meet this need.

We have continued to grow profitably, invested in our core platforms and IP, developed new partnerships and expanded our geographic footprint into the North American market with the acquisition of Impact Mobile in July 2018 as well as additional senior management hires in the region. We believe we are the market leader in the UK, South Africa and Canada, and are well positioned to further benefit from evolving, global consumer communication trends.

Market developments
For many years, the Company has had a vision of a world in which consumers will have the choice of many digital touchpoints with which to communicate, and the insight that large consumer businesses will need software to manage these touchpoints and integrate them into their IT systems and business processes in order to provide consistent and seamless customer experiences. We started preparing for this omnichannel world many years ago and, in the last year, we have seen very clear evidence that our vision is being realised.

Over the last year, we have seen Apple, Google and Facebook (through WhatsApp) significantly accelerate their efforts to create channels for enterprise communications with the launches of Apple Business Chat, Google RCS Business Messaging and WhatsApp Business. We have built good working relationships with these global technology businesses and are one of a few providers approved to offer these new channels. We are very much at the forefront of working with them to attract leading consumer businesses to use these new, more interactive communication channels.

The new channels and technology capabilities have created the concept of "messaging as a platform" whereby significant e-commerce, customer service and other business to consumer interactions will take place over these channels. According to Informa, this market is predicted to be worth $74billion by 2021[1].

Delivering a great customer experience whilst reducing costs has become a top priority for consumer facing businesses, and the automation of communications across messaging channels, managed in real-time has become a strategic imperative. Industry analyst, Forrester, states that 72% of decision makers at large enterprises have improving customer experience as a top priority[2]. However, many large consumer facing businesses with multiple divisions and departments (typically customer operations, contact centres, marketing and IT) are restricted by legacy systems and data spread across different communications products and partners. Our 2019 CIO Research Report recently revealed that these were the two most significant challenges facing CIOs with over 50% stating that they prevented them from delivering a frictionless customer experience across all customer communications channels[3]. Therefore, there is a compelling need for businesses to invest in software platforms that connect existing business systems and data across all digital touchpoints to allow for seamless customer communications.

We categorise these software platforms as "Enterprise CPaaS" and they are part of the broader CPaaS market that globally is forecast to grow from $2 billion in 2017 to $10.9 billion in 2022 according to IDC[4]. Gartner supports the view that companies will continue to invest in CPaaS, stating that end user spending is growing at a compound annual growth rate of nearly 50% between 2016 and 2021[5].

Our strategy remains to be at the heart of the digital customer interactions for our clients, providing them with the software, services and infrastructure that enables them to deliver great customer experiences whilst benefitting from the cost advantages of digitisation and automation. Since foundation, we have been a "mobile first" business, handling two-way interactions with customers across mobile devices at scale with deep integrations into business systems and processes to fulfil and provision services. This heritage in real time, interactive, end to end customer journeys provides a key competitive differentiation.

[1] Messaging as a Platform: The Operator Opportunity: www.gsma.com/futurenetworks/wp-content/uploads/2017/03/Messaging_as_a_Platform.pdf
[2] Customer Trust And Loyalty Determine Success On The Dark Web, Too: go.forrester.com/blogs/customer-trust-and-loyalty-determine-success-on-the-dark-web-too/
[3] 2019 CIO Research Report: https://imimobile.com/2019-cio-research-report
[4] Worldwide Voice and Text Messaging Communications Platform-as-a-Service Forecast, 2018–2022: www.idc.com/getdoc.jsp?containerId=US43805418
[5] Market Guide for Communications Platform as a Service: www.gartner.com/document/3877085?ref=unauthreader&srcId=1-4730952011

Products, technology and infrastructure
The Group has maintained its investment in product development and innovation to support the strategy of being at the heart of customer interactions.

Our core platform, IMIconnect, is differentiated from other CPaaS providers through focusing on the needs of many types of users within large enterprises rather than the developer focussed CPaaS providers that have some similar features. IMIconnect allows technical as well as non-technical users to rapidly build and manage customer journeys using a visual flow builder and pre-configured integrations. The platform is built with large consumer facing enterprises in mind, providing end to end service management, in life support and flexible integration methods for both legacy and modern business systems. IMIconnect has enabled businesses to launch or change their customer journeys up to ten times faster than traditional development methods. In a recent survey we conducted, 83% of CIOs of large consumer facing businesses said that their current development approach hindered their ability to change or create new customer journeys in a fast and agile manner.

Over the last year, we have added new channels to IMIconnect, made it easier to use with a refreshed user interface, and added NLP ("natural language processing") and AI capabilities to help understand and automate interactions.

Investments in our marketing automation product, IMIcampaign, have enabled marketing teams to easily create their target audience groups for base marketing campaigns, improved the usability of our email composer tool and enhanced our campaign analytics with a new set of dashboards. We also added the ability to better engage customers with personalised video MMS messages.

Further developments to IMIchat included adding proactive messaging on live chat, Apple Business Chat as a new channel and an advanced reporting capability to help contact centres optimise their workforce.

With automation now also a strategic imperative, we have continued to develop capabilities in using AI and machine learning to automate customer interactions. The IMIbot.ai product was enhanced through the implementation of a 'Manager Bot' architecture which enables customer interactions to be orchestrated across multiple bots for different use cases and also provides the ability to add new bots progressively as new use cases emerge. We expanded the Intelligence Library, added knowledge bases for different sectors including retail and travel, and made significant usability improvements particularly for allowing non-developers to manage in-life bot operations. We have also embedded some of these capabilities into IMIconnect.

Our operator specific messaging platform, NMX, has been enhanced to include tools to help mobile operators find new revenue streams through different treatment for different types of message.

Further development of IMIdigital includes enhancements to service creation module to support data/voice packs and over-the-top ("OTT") bundles. The product has been upgraded from a service delivery platform to an end-to-end digital product catalogue management platform for mobile operators. In addition, several subscriber engagement & gratification features have been added to help mobile operators to increase and sustain the digital service adoption of their subscribers.

Our Textlocal application which serves SMB customers was significantly enhanced in terms of throughput and scalability. Last year over 17,000 UK businesses used the product to deliver over 700 million SMS messages to reach and retain their customers.

In addition to investing and developing the existing platform and applications, we continued to explore opportunities that new technologies can have for businesses in improving their customer communications. In particular, we recently introduced a new application, IMIassist, which enables businesses to transform customer interactions with real-time video assistance powered by WebRTC technology. IMIassist allows contact centre agents, healthcare professionals, technicians and other personnel to offer services such as remote troubleshooting, virtual health clinics, field force support and remote claims processing to customers. The solution was recently voted as runner-up in the 'Personalising Customer Interactions' category at the UK Innovation Awards 2019 and we are currently exploring commercial opportunities for this product with a number of large enterprises and public-sector organisations.

In terms of our infrastructure and services, this year we have moved to the containerisation[1] of our platform to allow granular control of individual systems and the ability to manage scaling with a reduction in costs. It also allows us to be cloud provider agnostic. Along with this, we have centralised our 24x7 monitoring and incident management using ServiceNow, allowing us to have a global view of the platforms and the service level agreements ("SLAs") offered to our customers.

On average, more than 20,000 incidents each month reach our central monitoring system which are filtered, analysed and ticketed while managing a 99.0% SLA on incident resolution. Uptime SLAs have been 100.0% for the cloud platforms and 99.8% globally.

[1] A container is a standard unit of software that packages up the source code and all its dependencies so the application runs quickly and reliably from one computing environment to another.

Organisation and systems

The Group has grown significantly since IPO in 2014 with a much broader geographic reach and a significant number of new colleagues, many as a result of acquisitions. Integrating the acquisitions and creating a common culture has created additional management challenges and complexity within the Group. Over the last year, we accelerated integration efforts and, following the settlement of earn out arrangements, we will, over the coming year, have a simpler management structure focussed around regional, commercial go to market business units with centralised teams working on IP development.

Over the last year, the Group has invested in common systems to manage the global business including Salesforce for CRM, ServiceNow for incident and change management, NetSuite for finance operations and Workplace by Facebook for internal communications. We have also appointed central teams to manage security, data privacy and compliance and will be consolidating HR and performance management systems over the coming year.

Growth strategy

The Group has grown organically for 15 of the last 16 years and organically grown monthly recurring and repeating revenues for 16 years. This has been achieved whilst maintaining capital disciplines and profitability.

We believe the structural changes in the market and our portfolio of products can support continued growth for many years and our approach to achieving this is built on four growth drivers.

1. **To grow our share of interactions and customer journeys with existing accounts**
   The Group has been a trusted vendor to an outstanding list of market leading, blue-chip organisations and consumer brands in our core markets for many years. We expect to help them embrace the possibilities of new technologies and broaden the range of interactions we manage. Our product portfolio works across multiple different business areas including customer operations, customer service and marketing and we are therefore in a great position to cross sell and upsell once we have worked with one area of a business.

   During the year to 31 March 2019, the number of clients that provide more than £500k per annum revenue increased to 40 (33 in FY18) and clients with revenues between £100k per annum and £500k per annum increased to 83 (43 in FY18). We also successfully renewed all significant contracts which came up for renewal, including with 4 of our top 10 customers.

2. **To accelerate market penetration through partnerships**
   We have continued to invest in developing new strategic partnerships in order to target new enterprise clients and sectors. This past year, we have launched IMIconnect on the Salesforce App Exchange, thereby providing support for the world's leading CRM platform and its users throughout

the world. This will enable existing Salesforce customers to rapidly launch and orchestrate two-way, trigger-based customer communications across communications channels.

We have also strengthened our existing relationship with BT, adding IMIconnect to BT's enterprise communications portfolio as a messaging alerts and notification solution branded 'BT Notify'. Additionally, we have signed a partnership agreement with Scandinavian mobile operator, Telia, as well as winning a new retail client through another established partnership.

3. **To be at the forefront of introducing new innovative customer engagement technologies**
As previously mentioned, this year, we have partnered with some of the world's largest consumer technology vendors to add platform support for new communications channels including Apple Business Chat, WhatsApp Business and Google RCS Business Messaging[1].

The Group launched Apple Business Chat with UK energy provider npower who use the richer, more interactive channel to improve the customer experience for customers looking to switch to a smart meter. Earlier this year, we also became a verified WhatsApp Business solution provider to help businesses use this newly available channel to engage with their customers. We launched our first solution with one of India's largest FMCG companies, Britannia, to engage with their 1.5 million retailers over WhatsApp. The launch of these new channels has generated a significant pipeline of opportunities with both new and existing clients which we expect to capitalise on in the coming year.

We have also supported the Google RCS initiative by working together with companies such as Shell, Hermes and Pizza Hut to showcase RCS at the GSMA World Congress in Barcelona this year. We have also recently delivered the first live RCS campaign in the UK at scale for Vodafone. This campaign received higher engagement rates than using traditional communication channels such as SMS, MMS or email and demonstrates the potential of RCS to deliver richer messaging experiences for customers.

As aforementioned, we also recently introduced a new application, IMIassist, which enables businesses to transform customer interactions with real-time video assistance powered by WebRTC technology. Use cases for this technology include: remote troubleshooting, virtual clinics, claims processing, field force support and customer service.

Our patient portal and reminders, powered by Envoy Messenger, manage 27 million outpatient appointments per year across 104 NHS Trusts (covering 313 hospitals). We are currently exploring a number of opportunities to leverage new technologies, including WebRTC, in the coming year to provide services such as virtual clinics to NHS patients.

4. **To leverage acquisitions for market distribution**
We have successfully completed seven acquisitions since IPO in 2014 and they have all continued to perform in line with our expectations.

The recent acquisitions of Impact Mobile and ExpressPigeon have strengthened our position in North America and we are excited by the immediate opportunity that the US market presents. During the year we announced an early settlement agreement with the sellers of Healthcare Communications and, on 1 July 2019, we agreed the early settlement of Infracast (see note 16). Both have performed at the top end of management expectations since acquisition and the agreements were reached in order to accelerate integration activities and further capitalise on current market opportunities.

Our acquisition criteria remains the same in that we look to acquire businesses that:
i. provide similar communication software and services as the Group;
ii. have strong embedded clients therefore providing an opportunity to upsell the Group's broader portfolio of capabilities; and
iii. complement our existing product portfolio with new channel capabilities or migrate clients over a period of time on to the Group's core platforms.

[1] RCS (Rich Communications Services) Business Messaging is the evolution of mobile messaging, increasing and improving the ways in which people and businesses communicate.

Regional performance
The Group has continued to make good progress, retaining all significant contract renewals and winning new customers and contracts across all regions in which it operates. We have delivered strong growth in gross profit of 23% (7% organic[1]) and adjusted EBITDA[2] growth of 35% which includes a significant headwind created by external factors that affected a single customer, MTN. Excluding the declines from this single customer, gross profit growth is 32% of which 14% is organic[1] on a constant currency basis[3]. We have delivered high levels of cash generation and enhanced operating leverage whilst making strategic progress with several key partners in Europe and the US.

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.

Europe & Americas – 71% of Group gross profit
The region has continued to perform well, with year on year gross profit growth of 43% (16% organic[1]). This has been generated through a mix of growth from existing contracts, new contract wins and successful deployments through the Group's growing partnership network.

The new contract wins across the mobile operator, financial services, retail, logistics, gaming and gambling sectors, include cross-selling to customers of Textlocal and IMImobile Intelligent Networks (formerly Infracast). These largely recurring revenue contract wins include the Company's core enterprise CPaaS offering, IMIconnect and are expected to support growth in the first half of FY20 and beyond.

The Group has a very strong presence in the UK market and provides solutions to all three major UK mobile operators, three of the top five banking groups, four of the six leading utilities, two of the largest logistics providers and a host of leading gaming, retail and leisure businesses. We have also developed partnerships with BT in the UK, Telia in Scandinavia and O2 in Germany for further distribution of the Group's products.

In North America, we have renewed existing contracts with mobile operators, AT&T and Telus, as well as with the U.S. Department of Education. After acquiring two new businesses in the region, Impact Mobile and ExpressPigeon, and appointing our North American CEO, we remain excited by the potential in the North American market. We expect to capitalise on several growth and partnership opportunities in the region during the coming period.

Middle East & Africa – 15% of Group gross profit
The region has experienced a year on year gross profit decline of 19%. This reflects a good performance of the Enterprise business in South Africa (organic[1], constant currency[3] gross profit growth of 20%) and a 28% decline in the mobile operator business across Africa on a constant currency basis[3]. The decline is largely due to the services supplied to MTN, particularly in the Nigerian market, where volumes are now nominal. The growth in the Enterprise business reflects new contracts in the financial services and leisure sectors in South Africa.

Asia-Pacific – 14% of Group gross profit
The region has delivered strong organic[1] gross profit growth of 14% on a constant currency basis[3]. This growth has been supported by successful deployments for the Telenor Group and new contract wins with mobile operators and various enterprise clients in the region. We are also pleased to have launched our first WhatsApp Business solution with a FMCG customer in the region to engage with 1.5 million retailers across India.

Textlocal India continues to experience good growth with, on average, over 1,000 new customers acquired every month, giving a year on year growth rate of over 60%.

[1] Excluding acquired business of Sumotext, Healthcare Communications, Impact Mobile and ExpressPigeon
[2] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results
[3] Constant currency is calculated by comparing the FY18 results with FY19 results retranslated at the rates of exchange prevailing during FY19

Outlook
The Group is at a very exciting stage with technology developments creating momentum in the customer communications sector for more automation and use of digital channels. We are ideally placed to capitalise

on this momentum and we believe there is no clear category leader in this market and that, due to our leading position in the advanced UK market, we have an opportunity to play a leading role globally.

The 2020 financial year has started well with trading in line with expectations. We continue to have good earnings visibility due to our established client relationships, healthy pipeline of new deployments and high proportion of recurring customer revenues. We are confident in delivering continued organic growth across all regions of the business.

Financial Review

Group performance at a glance

Year ended 31 March	**2019 £m**	**2018 £m**	**Growth / (decline)**
Revenue	142.7	111.4	28%
Gross profit	62.6	50.7	23%
Gross Margin	*43.8%*	*45.6%*	
Adjusted EBITDA[1]	18.0	13.4	35%
Adjusted EBITDA Margin[2]	*28.8%*	*26.4%*	
Operating profit	1.0	2.8	(64%)
Adjusted operating profit[1]	14.0	10.1	38%
Profit before tax	0.7	2.7	(73%)
Adjusted profit before tax[1]	13.7	10.1	36%
(Loss)/profit after tax	(1.3)	0.8	(256%)
Adjusted profit after tax[1]	10.8	7.8	39%
Diluted EPS	(1.9p)	1.3p	(249%)
Adjusted diluted EPS[1]	15.1p	11.2p	35%
Cash at period end	13.2	15.7	(16%)
Bank borrowings	20.7	11.4	82%

Key performance indicators (KPIs)
This section sets out the KPIs for the Group during the year ended 31 March 2019.

Revenue and gross profit
For the year ended 31 March 2019 total revenue increased by 28% to £142.7m (2018: £111.4m) and gross profit increased by 23% to £62.6m (2018: £50.7m). The Board considers that gross profit is the key operational measure of performance in the business.

Group geographical split of revenues and gross profit is as follows:

Revenue

Year ended 31 March	**2019** £m	**2018** £m	**Growth / (decline)**
Europe and Americas	111.2	78.3	42%
Middle East & Africa	15.1	18.4	(17%)
Asia-Pacific	16.4	14.7	12%
Total	**142.7**	**111.4**	**28%**

Gross profit and margin

Year ended 31 March	**2019** £m	***2019*** *%*	**2018** £m	***2018*** *%*	**Growth / (decline)**
Europe and Americas	44.7	*40.2%*	31.3	*40.0%*	43%
Middle East & Africa	9.1	*60.0%*	11.2	*61.0%*	(19%)
Asia-Pacific	8.8	*53.9%*	8.2	*56.1%*	7%
Total	**62.6**	***43.8%***	**50.7**	***45.6%***	**23%**

The Europe and Americas region gross profit grew by 43% in the year. Gross margin in Europe and Americas was consistent with the previous year at 40.2%. Excluding the impact of acquisitions, gross profit in the region grew by 16% compared with the previous year.

Gross profit in the Middle East & Africa (MEA) region declined by 19% to £9.1m (2018: £11.2m). The major reason for the reduction was due to a well-publicised decline in gross profit from the largest customer in the region, particularly in the Nigerian market. Gross margin in MEA declined slightly to 60.0% from 61.0%, reflecting a lower mix of perpetual license and professional services revenues.

The APAC region gross profit increased in the year by 7% to £8.8m (2018: £8.2m). Gross margin declined to 53.9% compared with 56.1% from the previous year, mainly as a result of an increase in contribution from enterprise customers for whom the Group incurs the cost of third party mobile infrastructure, as well as a slightly lower mix of perpetual license revenues.

Adjusted operating costs[1]
Adjusted operating costs[1] in the year were £48.6m (2018: £40.6m). This reflects the full year inclusion of Sumotext and Healthcare Communications and the post-acquisition costs of Impact Mobile and ExpressPigeon as well as additional investment in product development, partnerships and sales and marketing across the Group.

Adjusted EBITDA[1]
Adjusted EBITDA[1] for the year ended 31 March 2019 was £18.0m (2018: £13.4m) representing an increase of 35% against the prior year. Due to the difficulty in identifying incremental costs arising across the Group following acquisitions, adjusted EBITDA[1] is not assessed at an organic level.

Client concentration
The number of clients that provide more than £500k p.a. revenue increased to 40 (33 in FY18) and clients with revenues between £100k p.a. and £500k p.a. increased to 83 (43 in FY18).

Group cash flow and working capital
During the year the Group has borrowed a further £10.0m from Silicon Valley Bank, which was used to fund the acquisition of Impact Mobile. Year-end cash and cash equivalents were £13.2m (2018: £15.7m). Total bank borrowings at 31 March 2019 were £20.7m (2018: £11.4m). Net debt was £7.5m (2018: £4.3m net cash). Adjusted cash generated from operations[1] was £16.9m (2018: £11.5m) and represents an operating cash flow conversion[3] of 94% of adjusted EBITDA[1] (2018: 86%).

Group working capital is made up as follows:

As at 31 March	**2019** £m	**2018** £m
Cash and cash equivalents	13.2	15.7
Bank borrowings	(20.7)	(11.4)
Trade and other receivables	50.6	40.1
Trade and other payables (excluding deferred income)	(44.7)	(37.2)
Net working capital less borrowings	(1.6)	7.2

Trade receivables and payables include “pass through” amounts generated from mobile payment transactions. The receivables are from mobile operators and payables to customers who use IMImobile’s payment APIs. The gross value of these transactions is excluded from revenues and cost of sales as the Group accounts only for the commission earned on such transactions within revenue as it is not the principal obligor in the arrangement. The value of pass through transactions included in trade and other receivables at 31 March 2019 is £3.3m (2018: £5.2m) and £5.1m (2018: £5.7m) in trade and other payables.

Higher monthly recurring revenues in the Europe & Americas region compared to the previous year has contributed £10.6m to the overall increase in trade and other receivables. Pass through transactions have decreased by £1.9m, as referred to above. The value of trade and other receivables included from Impact Mobile at 31 March 2019 is £2.0m. The remaining movement is mainly attributable to the decrease in the withholding tax receivable.

An increase in cost of sales, as a result of higher monthly recurring revenues in the Europe & Americas region compared to the previous year, has contributed £5.4m to the overall increase in trade and other payables (excluding deferred income). Pass through transactions have decreased by £0.6m, as referred to above. The value of trade and other payables (excluding deferred income) included from Impact Mobile at 31 March 2019 is £1.1m. The remaining increase is mainly attributable to the increase in VAT payable due to changes in the timing of payments and higher revenue in the UK.

Loss after tax and adjusted profit after tax[1]
Loss after tax was £1.3m (2018: profit of £0.8m) after the net of tax impact of acquisition costs of £0.9m (2018: £0.8m), exchange losses on the Nigerian Naira of £0.0m (2018: £0.3m), acquisition-related share-based payment charges of £8.1m (2018: £3.3m) share-based payment charges of £0.7m (2018: £1.3m), amortisation of acquired intangibles of £2.4m (2018: £1.5m) and £nil (2018: £0.1) from the change in benefit limit of the defined gratuity plan in India. Adjusted profit after tax[1] was £10.8m (2018: £7.8m) which is 39% higher than the prior year.

Loss/earnings per share
Diluted loss per share was 1.9p (2018: earnings per share of 1.3p). Diluted adjusted EPS[1] increased by 35% to 15.1p (2018: 11.2p).

Group taxation
The tax charge for the year was £2.0m (2018: £1.8m). The adjusted effective rate of tax[4] for the year was 21.1% (2018: 22.8%).

Other intangible assets
During the year ended 31 March 2019 the Group capitalised £5.3m of development costs (2018: £4.9m) and acquired £7.5m of intangible assets as a result of the acquisition of Impact Mobile and ExpressPigeon. In addition to this, expenditure during the year on software and trademarks and licenses was £0.2m (2018: £0.4m).

Property, plant and equipment
Capital expenditure on property, plant and equipment during the year was £1.2m (2018: £1.1m) and the Group acquired £0.6m of property, plant and equipment as a result of the acquisition of Impact Mobile and ExpressPigeon.

Goodwill
Goodwill held at 31 March 2019 was £43.6m (2018: £33.3m) which increased following the acquisition of Impact Mobile and ExpressPigeon.

Deferred tax
Deferred tax assets at 31 March 2019 were £0.6m (2018: £0.5m) and deferred tax liabilities at 31 March 2019 were £3.9m (2018: £1.8m) including the amount recognised on identifiable intangible assets acquired in Impact Mobile.

Non-current liabilities
As well as the deferred tax liabilities and bank borrowings above, the provision for defined benefit gratuity increased to £1.0m (2018: £0.9m) and the provision for contingent consideration due in more than one year decreased by £0.5m following the early agreement of the contingent consideration relating to the acquisition of Healthcare Communications.

[1] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.
[2] Adjusted EBITDA margin calculated as adjusted EBITDA divided by gross profit.
[3] Cash conversion is defined as adjusted cash generated from operations (see note 6) as a percentage of adjusted EBITDA
[4] Adjusted tax as a proportion of adjusted profit before tax, as reconciled in note 6.

Consolidated Income Statement
For the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Revenue	2, 4	142,731	111,366
Cost of sales		(80,158)	(60,630)
Gross profit	4	62,573	50,736
Operating costs:			
Other operating costs		(44,532)	(37,331)
Depreciation and amortisation		(7,085)	(4,825)
Share-based payment charge	13	(8,899)	(4,561)
Acquisition costs		(1,036)	(788)
Exchange losses on the Nigerian Naira		(26)	(349)
Change in benefit limit of defined gratuity		-	(96)
Operating profit		995	2,786
Finance income		295	176
Finance cost		(580)	(302)
Profit before tax		710	2,660
Tax	5	(2,022)	(1,817)
(Loss)/profit for the year		(1,312)	843
(Loss)/profit for the year attributable to:			
Equity holders of the parent company		(1,255)	902
Non-controlling interest		(57)	(59)
(Loss)/profit for the year		(1,312)	843
Adjusted EBITDA[1]	6	18,041	13,405
Basic (loss)/earnings per share	6	(1.9p)	1.5p
Adjusted basic earnings per share	6	16.7p	12.6p
Diluted (loss)/earnings per share	6	(1.9p)	1.3p
Adjusted diluted earnings per share	6	15.1p	11.2p

[1] See note 6 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2019

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
(Loss)/profit for the year	(1,312)	843
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
Equity holders of the parent company	(284)	(2,615)
Non-controlling interest	69	(137)
Net actuarial losses recognised on defined gratuity plan		
Equity holders of the parent company	(9)	(191)
Non-controlling interest	-	-
Other comprehensive loss for the year	(224)	(2,943)
Total comprehensive loss for the year	(1,536)	(2,100)
Total comprehensive (loss)/income for the year attributable to:		
Equity holders of the parent company	(1,548)	(1,904)
Non-controlling interest	12	(196)
Total comprehensive loss for the year	(1,536)	(2,100)

Consolidated Statement of Financial Position
As at 31 March 2019

	Notes	As at 31 March 2019 £000	As at 31 March 2018 £000
Non-current assets			
Goodwill	7	43,637	33,265
Other intangible assets		29,607	20,420
Property, plant and equipment		4,347	4,609
Deferred tax assets		550	484
Total non-current assets		78,141	58,778
Current assets			
Cash and cash equivalents	8	13,247	15,743
Trade and other receivables	9	50,615	40,094
Total current assets		63,862	55,837
Current liabilities			
Trade and other payables	10	(54,385)	(43,996)
Provision for contingent consideration		(1,806)	(1,806)
Bank borrowings	11	(1,611)	(223)
Total current liabilities		(57,802)	(46,025)
Net current assets		6,060	9,812
Non-current liabilities			
Provision for contingent consideration		(57)	(557)
Bank borrowings	11	(19,120)	(11,196)
Provision for defined benefit gratuity		(1,032)	(912)
Deferred tax liabilities		(3,872)	(1,763)
Total non-current liabilities		(24,081)	(14,428)
Net assets		60,120	54,162
Equity attributable to the owners of the parent company			
Share capital	12	6,671	6,204
Share premium	12	6,666	1,246
Translation reserve		1,475	1,759
Share-based payment reserve		12,540	10,782
Capital restructuring reserve		(29,040)	(29,040)
Retained earnings		62,000	63,104
Equity attributable to shareholders of the parent company		60,312	54,055
Non-controlling interest		(192)	107
Total equity		60,120	54,162

Statement of Changes in Equity
For the year ended 31 March 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 the parent company £000	Non-controlling interest £000	Total equity £000
Balance at 31 March 2017	**6,102**	**69,754**	**4,374**	**7,505**	**(29,040)**	**(7,901)**	**50,794**	**(8)**	**50,786**
Profit / (loss) for the year	-	-	-	-	-	902	902	(59)	843
Foreign exchange differences	-	-	(2,615)	-	-	-	(2,615)	(137)	(2,752)
Net actuarial losses recognised on defined gratuity plan	-	-	-	-	-	(191)	(191)	-	(191)
Credit to equity for share-based payments	-	-	-	4,002	-	-	4,002	-	4,002
Proceeds from share issue	102	1,300	-	(725)	-	-	677	-	677
Deferred tax on share-based payments	-	-	-	-	-	330	330	-	330
Tax relief on exercised share-based payments	-	-	-	-	-	156	156	-	156
Cancellation of share premium account	-	(69,808)	-	-	-	69,808	-	-	-
Non-controlling interest subscription in shares of IMImobile South Africa Pty Ltd	-	-	-	-	-	-	-	311	311
Balance at 31 March 2018	**6,204**	**1,246**	**1,759**	**10,782**	**(29,040)**	**63,104**	**54,055**	**107**	**54,162**
Loss for the year	-	-	-	-	-	(1,255)	(1,255)	(57)	(1,312)
Foreign exchange differences	-	-	(284)	-	-	-	(284)	69	(215)
Net actuarial losses recognised on defined gratuity plan	-	-	-	-	-	(9)	(9)	-	(9)
Credit to equity for share-based payments	-	-	-	6,419	-	-	6,419	-	6,419
Proceeds from share issue (note 12)	343	2,190	-	(727)	-	-	1,806	-	1,806
Credit to share based payment reserve (note 13)	-	-	-	(3,934)	-	-	(3,934)	-	(3,934)
Deferred tax on share-based payments	-	-	-	-	-	(187)	(187)	-	(187)
Tax relief on exercised share-based payments	-	-	-	-	-	347	347	-	347
Issue of shares as part of acquisition (note 12)	124	3,230	-	-	-	-	3,354	-	3,354
Subscription in non-controlling interest's shares of IMImobile South Africa Pty Ltd	-	-	-	-	-	-	-	(311)	(311)
Balance at 31 March 2019	**6,671**	**6,666**	**1,475**	**12,540**	**(29,040)**	**62,000**	**60,312**	**(192)**	**60,120**

Consolidated Cash Flow Statement
For the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Cash generated from operations	14	15,903	10,720
Tax paid		(1,260)	(1,202)
Net cash from operating activities		14,643	9,518
Investing activities			
Interest received		295	176
Purchase of intangible assets		(6,568)	(5,452)
Purchase of property, plant & equipment		(1,183)	(1,072)
Disposal of shares in available-for-sale investment		-	28
Acquisition of subsidiary net of cash acquired	15	(16,575)	(11,248)
Contingent consideration as part of Infracast acquisition	13	(2,387)	-
Contingent consideration as part of Sumotext acquisition		(1,143)	-
Net cash used in investing activities		(27,561)	(17,568)
Financing activities			
Bank loan received	11	10,000	10,811
Repayment of bank loans	11	(688)	(232)
Interest paid		(524)	(268)
Proceeds from issuance of Ordinary shares		1,806	677
Net cash generated by financing activities		10,594	10,988
Net (decrease)/increase in cash and cash equivalents		(2,324)	2,938
Cash and cash equivalents at beginning of the year		15,743	14,662
Effect of foreign exchange rate changes		(172)	(1,857)
Cash and cash equivalents at end of the year	8	13,247	15,743

1. Basis of preparation

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted for use by the EU ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 March 2019 or 31 March 2018 within the meaning of section 434(3) of the Companies Act 2006. Statutory accounts for 2018 have been delivered to the Registrar of Companies and those for 2019 will be delivered following completion of audit and the Company's annual general meeting.

2. Basis of consolidation and accounting policies

The principal accounting policies set out below have been applied consistently by the Group in preparing the financial statements from which the financial information herein has been exacted.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to a 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 year are included in the consolidated 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.

Business combinations

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 remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

New and amended standards adopted by the Group

The Group has applied IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* for the first time for the reporting period commencing 1 April 2018. The Group has considered the effects of the changes of IFRS 15 and IFRS 9 and has revised its accounting policy from 1 April 2018. None of the changes to the accounting policies have materially impacted the amounts reported and therefore the Group has not restated the 2018 figures upon adoption of the new policies.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group’s interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each cash generating unit (“CGU” or “unit”), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Employee benefits

Employee share-based payments

The Group operates a number of equity-settled, share-based payment plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity’s share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. Where options are cancelled by the Group and settled in cash the expense is accelerated in the period in which the options are settled, with the cash payment recognised in the share-based payment reserve.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the share options are payable by the employee.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management’s best estimate, for the effects of non-transferability, performance conditions, exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Company share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers or provides control of a product or service to a customer.

Where the Group enters into arrangements to deliver multiple elements (licensing, servicing and maintenance), such elements are separated for recognition based on stand-alone value where sold and delivered as separate performance obligations. If such elements cannot be separated they are treated as a single performance obligation and recognised over the period of delivery when the criteria for recognition have been met and customer acceptance received. Amounts incurred but not yet billed are classified as amounts billable not yet invoiced. Where the Group acts as principal in the sale of goods and content, revenue is recognised on a gross basis.

Revenues are typically billed up to 60 days after month end and classified as amounts billable not yet invoiced until this point.

Monthly recurring revenue
Revenues from the monthly hosting and access granted to the Group's cloud-based CPaaS software form a single performance obligation and is recognised over the period of the contract as the customer receives the service.

Revenue share from content related sales and usage-based revenue from messages sent across multiple channels is triggered by the actions of the Group's customers (or their end users) using the relevant platform they are connected to. Revenue is recognised at a point in time as the sale is generated.

Carrier billing revenues recognised within turnover relate only to the commission earned on hosting each service and are recognised at the point of delivery to the customer. Amounts billed and collected on behalf of third parties (also known as pass through revenues) are not recognised within revenue as the Group doesn't control or handle the content or the price charged to the end user.

Where the Group provides services to mobile network operators which enable the delivery of wholesale messages, revenue is reported on a gross basis where the Group controls the right to perform the service and successfully deliver the messages.

License and professional service revenue
License revenues are derived from the sale of perpetual end user licenses for the right to use software as it exists at the point the license is granted. The Group assesses whether ongoing contractual obligations, such as annual maintenance charges, represent a performance obligation that is distinct from the licence. If not distinct the combined performance obligation is recognised over time. If the licence is distinct it is recognised separately from the other performance obligations on customer acceptance following installation at the customer's locations as per contracted terms.

Professional service revenues relate to configuration, setup and change requests largely generated on a time and materials basis, and are recognised at the point of acceptance by the customer, or upon completion of designated milestones.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affects the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The critical accounting judgements and key sources of estimation uncertainty at the reporting date derive from management assumptions in respect of:

Critical accounting judgements

Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the consolidated income statement.

Judgement is required in determining the fair value of identifiable assets, liabilities and contingent assets and liabilities assumed in a business combination and the fair value of the consideration payable. Calculating the fair values involves the use of significant judgement around the assumptions applied, including expectations about future cash flows, discount rates and the lives of assets following purchase.

Revenue recognition

When the Group sells services as a principal, income and payments to suppliers are reported on a gross basis in revenue and cost of sales. If the Group sells services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners. Such judgements impact the amount of reported revenue and cost of sales but do not impact reported assets, liabilities or cash flows.

The Group would have recognised pass through revenues totalling £30,311,000 (2018: £27,525,000) within revenue and cost of sales had management judged that the Group were principal, rather than agent, in billing revenue transactions where amounts are billed and collected on behalf of third parties.

Key sources of estimation uncertainty

Impairment reviews

Management undertake periodic tests for impairment of goodwill if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of goodwill can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters.

Management consider the cash flow growth rate, expressed as the compound annual growth rates in the initial five years of the business plans and forecasts, to be the key source of estimation uncertainty. The growth rates used across the cash-generating units range from 10% to 51% and would need to decrease to between -20% and 5% before impairment would be required.

Taxation including deferred taxation

The Group's tax charge is the sum of total current and deferred tax charges. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items. Provisions for tax contingencies require management to make judgements and estimates in relation to tax audit issues and exposures. Tax benefits are not recognised unless it is probable that the tax position will be sustained.

Management must also assess the probability that the deferred tax assets will be recovered from future taxable income. In particular, deferred tax assets relating to losses and other timing differences in IMI Mobile Private Limited are restricted to the extent of forecast future taxable income, and as a result £2,244,000 (2018: £4,818,000) of losses have not been recognised.

As at 31 March 2019 the carrying amount of deferred tax assets was £550,000 (2018: £484,000) and the carrying amount of deferred tax liabilities was £3,872,000 (2018: £1,763,000).

The accounting policies in relation to these items are disclosed in note 2.

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, Jay Patel, 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 and Americas (Europe being substantially all to the UK where revenue during the year was £96,764,000 (2018: £69,294,000)), Asia-Pacific[1] (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.

[1] Defined as India & SEA in prior year

Geographical revenue and results

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

	Europe & Americas £000	APAC £000	MEA £000	Eliminations £000	Total £000
Year ended 31 March 2019					
Revenue to external customers	111,194	16,376	15,161	-	**142,731**
Inter-segment revenue	-	670	359	(1,029)	**-**
Total revenue	111,194	17,046	15,520	(1,029)	**142,731**
Gross profit	44,647	8,825	9,101	-	**62,573**
Operating costs					**(61,578)**
Operating profit					**995**
Net finance costs					**(285)**
Profit before tax					**710**
Tax					**(2,022)**

Profit after tax					**(1,312)**
Non-current assets (excluding deferred tax assets)	71,086	2,831	3,674	-	**77,591**

	Europe & Americas £000	APAC £000	MEA £000	Eliminations £000	Total £000
Year ended 31 March 2018					
Revenue to external customers	78,318	14,679	18,369	-	**111,366**
Inter-segment revenue	-	146	273	(419)	**-**
Total revenue	78,318	14,825	18,642	(419)	**111,366**
Gross profit	31,291	8,234	11,211	-	**50,736**
Operating costs					**(47,950)**
Operating profit					**2,786**
Net finance costs					**(126)**
Profit before tax					**2,660**
Tax					**(1,817)**
Profit after tax					**843**
Non-current assets (excluding deferred tax assets)	50,803	2,849	4,642	-	**58,294**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2 for each period. The revenue from external parties reported is measured in a manner consistent with that in the consolidated 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.

The following is an analysis of the revenue and gross profit of the Group's top 5 customers (based on gross profit):

	Revenue £000	*Revenue % of total*	Gross profit £000	*Gross profit % of total*
Year ended 31 March 2019				
Customer A	26,495	*19%*	4,898	*8%*
Customer B	4,792	*3%*	2,787	*4%*
Customer C	11,866	*8%*	2,188	*3%*
Customer D	3,624	*3%*	2,172	*3%*
Customer E	2,110	*1%*	1,841	*3%*

	Revenue £000	*Revenue % of total*	Gross profit £000	*Gross profit % of total*
Year ended 31 March 2018				
Customer A	19,570	*18%*	3,463	*7%*
Customer B	4,160	*4%*	2,578	*5%*
Customer C	9,902	*9%*	1,946	*4%*
Customer D	6,857	*6%*	4,197	*8%*
Customer E	878	*1%*	639	*1%*

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. License, one-off and professional service revenues ("LOOPS").

These alternative revenue models arise in all geographical segments.

The following is an analysis of the Group's revenue and result by revenue model:

	MRR £000	LOOPS £000	Elimination £000	Total £000
Year ended 31 March 2019				
Revenue to external customers	135,617	7,114	-	**142,731**
Inter-segment revenue	1,029	-	(1,029)	**-**
Total revenue	136,646	7,114	(1,029)	**142,731**
Gross profit	56,339	6,234	-	**62,573**
Year ended 31 March 2018				
Revenue to external customers	102,684	8,682	-	**111,366**
Inter-segment revenue	273	146	(419)	**-**
Total revenue	102,957	8,828	(419)	**111,366**
Gross profit	42,461	8,275	-	**50,736**

5. Tax

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Current tax		
UK tax expense	1,081	347
India tax expense	265	-
Other foreign tax expense	566	94
Withholding tax expense	318	863
Adjustments in respect of prior periods	(191)	200
	2,039	1,504
Deferred tax		
Current year	70	(83)
Adjustments in respect of prior periods	(87)	396
	(17)	313
Total tax charge	2,022	1,817

The total tax charge for the year can be reconciled to the result per consolidated income statement as follows:

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
(Loss)/profit before tax	710	2,660
Tax at the UK corporation tax rate of 19% (2018: 19%)	135	505
Effect of overseas tax rates	608	430
Expenses not deductible for tax purposes	2,039	651
Temporary differences on which deferred tax not recognised	(254)	(84)
Effect of change in UK tax rate	82	(108)
Tax adjustments in respect of previous years	(278)	596
Enhanced tax relief on research and development expenditure	(310)	(173)
Total tax charged in the income statement	2,022	1,817

Taxation for each region is calculated at the rates prevailing in the respective jurisdictions. Prior year adjustments relate to the routine confirmation and agreement of the final tax position in local jurisdictions.

The UK corporation tax rate of 19% has been in effect from 1 April 2017. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. UK deferred tax assets and liabilities have been recognised at the rate applying in the period they are expected to unwind. Where this cannot be forecast they are recognised at 17% (2018: 17%).

6. Earnings per share ('EPS')

	Year ended 31 March 2019 pence	Year ended 31 March 2018 pence
Basic EPS	(1.9p)	1.5p
Adjusted basic EPS	16.7p	12.6p
Diluted EPS	(1.9p)	1.3p
Adjusted diluted EPS	15.1p	11.2p

	Year ended 31 March 2019 Million	Year ended 31 March 2018 Million
Weighted average number of ordinary shares for the purpose of basic EPS	64.9	61.4
Effect of dilutive potential ordinary shares: share options	6.8	8.1
Weighted average number of ordinary shares for the purpose of diluted EPS	71.7	69.5

A number of non-GAAP adjusted profit measures are used in this announcement and 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. 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.

Year ended:	Statutory results £000	A £000	B £000	C £000	D £000	E £000	F £000	Adjusted results £000
31 March 2019								
Revenue	142,731	-	-	-	-	-	-	142,731
Gross profit	62,573	-	-	-	-	-	-	62,573
Operating costs	(61,578)	8,899	1,036	3,025	-	26	-	(48,592)
Operating profit	995	8,899	1,036	3,025	-	26	-	13,981
Loss before tax	710	8,899	1,036	3,025	-	26	-	13,696
Tax	(2,022)	(143)	(113)	(613)	-	-	-	(2,891)
Loss after tax	(1,312)	8,756	923	2,412	-	26	-	10,805
EBITDA[1]	8,080	8,899	1,036	-	-	26	-	18,041
Cash generated from operations	15,903	-	1,036	-	-	-	-	16,939
Basic EPS (pence)	(1.9)	13.5	1.4	3.7	-	0.0	0.0	16.7
Diluted EPS (pence)	(1.9)	12.2	1.3	3.4	-	0.0	0.1	15.1

	Statutory results £000	A £000	B £000	C £000	D £000	E £000	F £000	Adjusted results £000
31 March 2018								
Revenue	111,366	-	-	-	-	-	-	111,366
Gross profit	50,736	-	-	-	-	-	-	50,736
Operating costs	(47,950)	4,561	788	1,525	96	349	-	(40,631)
Operating profit	2,786	4,561	788	1,525	96	349	-	10,105
Profit before tax	2,660	4,561	863	1,525	96	349	-	10,054
Tax	(1,817)	(77)	(111)	(287)	-	-	-	(2,292)
Profit after tax	843	4,484	752	1,238	96	349	-	7,762
EBITDA[1]	7,611	4,561	788	-	96	349	-	13,405
Cash generated from operations	10,720	-	788	-	-	-	-	11,508
Basic EPS (pence)	1.5	7.2	1.2	2.0	0.2	0.6	(0.1)	12.6
Diluted EPS (pence)	1.3	6.4	1.1	1.8	0.2	0.5	(0.1)	11.2

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

A Share-based payment charge net of tax

- £5,639,000 (2018: 2,721,000) relates to contingent consideration arising from acquisition activities
- £2,480,000 (2018: £559,000) relates to put options on acquisitions
- £4,000 (2018: £488,000) relates to employee share schemes granted as part of the Group's listing in June 2014

- £111,000 (2018: £28,000) relates to employee share schemes granted as a means of retention for key employees joining the Group as a result of an acquisition
- £522,000 (2018: £688,000) relates to on-going 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. On-going 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 Change in benefit limit of defined gratuity plan in India

E 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.

F Basic adjusted EPS and diluted adjusted EPS includes profit attributable to non-controlling interests not included in the calculation of statutory basic and diluted EPS. Diluted adjusted EPS also includes the dilutive effect of share options not included in statutory diluted EPS when they have an anti-dilutive effect.

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

7. Goodwill

Goodwill is monitored by management at the CGU level by region and delivery model. The following is a summary of goodwill allocation for each CGU:

	Opening £000	**Additions** £000	**Hindsight adjustment** £000	**Foreign Exchange Movement** £000	**Closing** £000
31 March 2019					
Europe[1]	7,861	-	-	-	7,861
Textlocal	10,073	-	-	-	10,073
Archer	2,532	-	-	(290)	2,242
Infracast	4,880	-	-	-	4,880
Sumotext	1,721	-	-	130	1,851
Healthcare	6,198	-	184	-	6,382
Impact Mobile	-	10,205	-	(60)	10,145
ExpressPigeon	-	215	-	(12)	203
Total	33,265	10,420	184	(232)	43,637

	Opening £000	**Additions £000**	**Hindsight adjustment £000**	**Foreign Exchange Movement £000**	**Closing £000**
31 March 2018					
Europe[1]	7,861	-	-	-	7,861
Textlocal	10,073	-	-	-	10,073
Archer	2,500	-	-	32	2,532
Infracast	4,880	-	-	-	4,880
Sumotext	-	1,721	-	-	1,721
Healthcare	-	6,198	-	-	6,198
Total	25,314	7,919	-	32	33,265

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The long-term growth rates are management's estimates. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

CGUs serve a common group of customers such that the key assumptions used for value-in-use calculations for all CGUs are as follows:

	Cash flow growth rate[2]	Long-term growth rate	Discount rate
At 31 March 2019			
Europe[1]	11%	2%	10.1%
Textlocal	16%	2%	10.1%
Archer	27%	2%	16.4%
Infracast	32%	2%	10.1%
Sumotext	42%	2%	11.3%
Healthcare	31%	2%	10.1%
At 31 March 2018			
Europe[1]	15%	2%	13.4%
Textlocal	19%	2%	13.4%
Archer	30%	2%	14.7%
Infracast	22%	2%	13.4%

Value in use is calculated for the various CGUs based on approved business plans and forecasts taking into account certain variables for each CGU. Below is a description of the principal variables that have been considered for each CGU with significant goodwill.

Long-term growth rate

In all cases, impairment tests are performed using the projected cash flows based on Board approved forecasts and strategic plans over a five-year period. Cash flow projections from the sixth year are calculated using an expected constant growth rate.

Discount rate

The pre-tax discount rates used are disclosed above and take into account the market risk rate associated with the company. A discount factor is calculated using the discount rate and applied to future projected cash flows.

[1] Excluding Textlocal, Infracast and Healthcare.

[2] Cash flow growth rate is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the business plans and forecasts used for impairment testing.

8. Cash and cash equivalents

	As at 31 March 2019 £000	As at 31 March 2018 £000
Unrestricted		
Cash on hand and at bank	13,151	15,654
Restricted		
Short-term bank deposits	96	89
Cash and cash equivalents	13,247	15,743

Restricted short-term bank deposits represent cash balances deposited in bank accounts attracting a preferential interest rate and are typically deposited for a period of 90 to 180 days. Preferential interest rates are agreed in advance of the deposit being transferred and depend on the prevailing local rates and market conditions at the time.

The Group at the year-end held cash at bank amounts as follows:

	As at 31 March 2019 £000	As at 31 March 2018 £000
United Arab Emirates Dirham	218	284
Bangladeshi Taka	99	275
Euro	1,124	3,276
UK Pounds Sterling	4,765	5,950
Indian Rupee	2,266	1,617
Nigerian Naira	66	272
Sri Lankan Rupee	16	17
US Dollar	1,963	2,593
South African Rand	804	1,125
Tunisian Dinar	295	146
Myanmar Kyat	221	144
Nepalese Rupee	106	44
Canadian Dollar	1,304	-

	13,247	15,743

9. Trade and other receivables

	As at 31 March 2019 £000	As at 31 March 2018 £000
Trade receivables		
– revenue to be collected on behalf of the Group	26,986	15,993
– pass through revenues to be collected on behalf of billing customers	512	1,756
Other receivables	477	855
Refundable deposits	125	87
Prepayments	3,283	2,586
Amounts billable not yet invoiced		
– revenue to be collected on behalf of the Group	14,253	12,790
– pass through revenues collected on behalf of billing customers	2,767	3,426
Withholding tax debtor	877	1,364
Due from related parties	31	31
Tax receivable	1,304	1,206
	50,615	40,094

The fair value of receivables approximates their carrying values as at 31 March 2019 and 31 March 2018.

10. Trade and other payables

	As at 31 March 2019 £000	As at 31 March 2018 £000
Trade payables		
– cost of sales to be paid on behalf of the Group	17,416	14,932
– pass through revenues to be paid to billing customers	2,591	3,087
Other payables	1,359	1,168
Put option on acquisitions (note 13)	1,013	1,137
Accrued expenses		
– cost of sales to be paid on behalf of the Group	16,694	12,710
– pass through revenues to be paid to billing customers	2,530	2,598
Deferred income	9,707	6,837
VAT payable	3,075	1,527
	54,385	43,996

Trade payables balances are non-interest bearing and are settled within 30-60 days.

The fair value of accounts payable and other credit balances approximates to their carrying values as at each respective reporting date.

11. Bank borrowings

	As at 31 March 2019 £000	As at 31 March 2018 £000
UK bank loans due in less than one year	1,392	-
South African bank loans due in less than one year	219	223
Bank loans due in less than one year	1,611	223
UK bank loans due in more than one year	18,898	10,765
South African bank loans due in more than one year	222	431
Bank loans due in more than one year	19,120	11,196

A bank loan of £10,765,000 was taken by the Company in December 2017 and amended in July 2018 with a four-year term and an annual interest rate of between 1.5% and 2.0% plus LIBOR, based on the level of net leverage.

A bank loan of £10,000,000 was taken by the Company in July 2018 repayable over 3.5 years and bearing interest at an annual rate of between 1.5% and 2.0% plus LIBOR, based on the level of net leverage. Principal repayments of £475,000 were made in the year.

A 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 £213,000 were made in the year.

12. Share Capital and Share Premium

Allotted, called up and fully paid	Share Capital £000	Share Premium £000	Total £000
At 1 April 2018	6,204	1,246	7,450
Share options exercised	343	2,190	2,533
Issued as part of Healthcare early settlement (note 13)	35	715	750
Issued as part of exercise of Sumotext call option (note 13)	89	2,515	2,604
At 31 March 2019	6,671	6,666	13,337

	Number of Ordinary shares
At 1 April 2018	62,043,885
Share options exercised	3,427,923
Issued as part of Healthcare early settlement	348,837
Issued as part of exercise of Sumotext call option	888,566
At 31 March 2019	66,709,211

During the year 3,171,983 share options were exercised for consideration of £1,806,000. The exercise of 238,440 flowering share options and 17,500 unapproved options for nil consideration has been accounted for as a reduction of £727,000 in the share-based payment reserve.

Ordinary shares

The Group's capital consists of a single class of equity share.

The amount classified as equity share capital represents the nominal value of allotted, called up and fully paid ordinary shares at a par value of £0.10. Each holder of ordinary shares is entitled to one vote per share.

13. Share-based payments

The fair value of options granted is recognised as an employee expense in the income statement with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using the Black-Scholes option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised in the income statement is adjusted at each balance sheet date to reflect the number of share options that are expected to vest revised for expected leavers and estimated achievement for non-market based vesting conditions.

Prior to admission to AIM and subsequently, options have been issued to the Directors and key employees. The Group operated multiple schemes during the year, and below is a consolidated summary of all existing employees and Director options.

Total of Employee Share Schemes

	As at 31 March 2019		As at 31 March 2018	
	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)	Number of share options
At 1 April	0.78	12,351,756	0.70	12,970,307
Granted	2.32	2,034,900	2.36	697,240
Exercised	0.53	(3,427,923)	0.67	(1,027,656)
Forfeited	1.83	(128,534)	1.46	(288,135)
At 31 March	**1.14**	**10,830,199**	**0.78**	**12,351,756**
Vested	0.52	6,019,419	0.46	7,681,570
Unvested	1.91	4,810,780	1.32	4,670,186
At 31 March	**1.14**	**10,830,199**	**0.78**	**12,351,756**

The aggregate fair value of options granted in the year is £2,119,000 (2018: £427,000). The options outstanding at 31 March 2019 have a weighted average remaining contractual life of 6.9 years (2018: 7.0 years).

Archer put/call option

Archer management team's shareholding in Archer Digital Limited includes a put option which enables them to sell their holding to the Group after 5 years or in the event of an unconditional offer for the Company, and a call option which gives the Group the right to require management to sell some or all of its holding at fair market value. The Group revalues this option each year and has accounted for it as a cash settled share-based payment vesting over the 5-year period, with a charge of £73,000 recorded in the year ended 31 March 2019 (2018: £362,000).

The fair value at grant date has been determined using the Black-Scholes valuation model. The significant inputs into the model were a risk-free interest rate of 0.44% to 1.10%, an expected option life of five years, volatility of 9% to 35% depending on the vesting date of the options and a dividend yield of nil.

Infracast contingent consideration

The contingent consideration arising from the acquisition of Infracast is treated as remuneration rather than consideration as one of the conditions of payment is continued employment of one of the shareholders of the company post-acquisition. As the Group has the option to settle the contingent consideration in shares in the Company or cash, it is included as a share-based payment. The charge is taken to the consolidated income statement evenly over the period from acquisition to the settlement date.

The total intrinsic value at 31 March 2019 is £1,000,000 and the Group recorded total expense of £4,426,000 in the year (2018: £2,387,000). During the year the Group settled in cash the contingent consideration of £2,387,000 arising in the prior year, resulting in a reduction to the share-based payment reserve.

Healthcare Communications contingent consideration

Part of the contingent consideration arising from the acquisition of Healthcare Communications was being treated as remuneration rather than consideration as one of the conditions of payment is continued employment of two of the former shareholders of the company post-acquisition. As the Group had the option to settle the contingent consideration in shares in the Company or cash, it is included as a share-based payment.

During the year the Group agreed early settlement of the contingent consideration in order to accelerate integration activities and to further capitalise on market opportunities. The early settlement resulted in a share-based payment charge in the year of £1,213,000 (2048: £334,000) and a reduction to the share-based payment reserve of £1,547,000. The consideration for early settlement comprised £750,000 settled in 348,837 Ordinary shares issued in the Company in the year and £1,750,000 payable in cash in May 2019, included in current provision for contingent consideration.

There will be no further charges in relation to Healthcare Communications contingent consideration.

Sumotext put/call option

Sumotext's management's shareholding in IMImobile North America Inc includes a put option which enabled them to sell their holding to the Group after 5 years or in the event of an unconditional offer for the Company, and a call option which gave the Group the right to require management to sell some or all of its holding at fair market value.

During the year the Group exercised their call option to acquire the remaining 20% share of IMImobile North America Inc for consideration of £2,604,000 settled with the issue of 888,566 ordinary shares in the Company. This resulted in a share-based payment charge in the year of £2,407,000 (2018: £197,000).

There will be no further charges in relation to the Sumotext put option.

Share-based payment charge

The Group recognised the following expense related to share-based payments:

	31 March 2019 £000	31 March 2018 £000
Employee share schemes granted as part of the Group's listing in June 2014	76	445
Employee share schemes granted to retain key staff as part of an acquisition	122	29
On-going employee incentive share schemes	582	807
Infracast contingent consideration	4,426	2,387
Healthcare Communications contingent consideration	1,213	334
Credit to equity for share-based payments	6,419	4,002
Archer put option	73	362
Sumotext put option	2,407	197
Movement in put options on acquisitions	2,480	559
Share-based payment charge	8,899	4,561

14. Notes to the Consolidated Cash Flow Statement

Cash generated from operations

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Cash flows from operating activities:		
Profit before taxation	710	2,660
Adjustments:		
Net finance costs	285	126
Share-based payments	8,899	4,561
Exchange losses on the Nigerian Naira	26	349
Depreciation of property, plant and equipment	2,069	2,140
Amortisation of intangible assets	5,016	2,685
Change in the benefit limit of defined gratuity	-	96
Operating cash flow before movements in working capital:	17,005	12,617
Increase in receivables	(9,666)	(10,460)
Increase in payables	8,426	8,246
Increase in provision for defined benefit gratuity plan	138	348
Foreign exchange gain on working capital	-	(31)
Cash generated from operations	**15,903**	**10,720**

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	1 April 2018 £000	Financing cash flows £000	31 March 2019 £000
Cash changes:			
Bank borrowings (note 11)	11,419	9,312	20,731
Total liabilities from financing activities	**11,419**	**9,312**	**20,731**

15. Acquisitions

Acquisition of Impact Mobile Inc ("Impact Mobile")

On 2 July 2018 the Group acquired Impact Mobile for a total consideration of C$27.9 million (£16.1 million) comprising an initial consideration of C$25.4 million (£14.7 million) paid in cash at the time of completion and a further C$2.5 million (£1.4 million) paid in cash six months after completion. Impact Mobile Inc was subsequently amalgamated with IMImobile Canada Inc.

Impact Mobile provides a full range of software solutions and services to mobile operators, retailers, SMS aggregators, government agencies and major household brands across Canada and the United States. In addition to a comprehensive range of mobile solutions, Impact Mobile's JumpTXT platform adds significant value to clients by helping them to meet regulatory compliance requirements, providing mobile engagement capabilities and supplying carrier grade messaging infrastructure.

The acquisition is highly complementary to IMImobile's product set and customer base and was expected to be immediately significantly earnings enhancing for the Group. Impact Mobile's existing reach into the US market is also highly appealing and the acquisition provides further opportunity to strengthen the Group's position in this market.

The acquisition also strengthened IMImobile's North American management team with the Impact Mobile team being retained within the business to oversee the integration and delivery of future growth initiatives. The Impact Mobile JumpTXT platform will be integrated into IMImobile's core cloud infrastructure with expected operational benefits.

The results of the acquired entity which have been consolidated in the income statement from 2 July 2018 contributed £6.4 million of revenue and profit after tax of £1.8 million during the period. Had Impact Mobile been acquired at the start of the period the contribution would have been £8.2 million of revenue and a profit after tax of £2.5 million.

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

	Fair value £000
Net assets acquired:	
Identifiable intangible assets:	
Customer relationships	6,365
Technology	463
Trade name	364
Deferred tax recognised on identifiable intangible assets:	
Customer relationships	(1,641)
Technology	(128)
Trade name	(101)
Property, plant and equipment	625
Intangible assets – trademarks and licences	12
Trade and other receivables	1,300
Cash and cash equivalents	95
Trade and other payables	(1,396)
Net identifiable assets acquired	5,958
Goodwill	10,205
Total consideration	16,163
Cash consideration during the year	16,163
Cash acquired	(95)
Consideration during the year net of cash acquired	16,068

Acquisition of ExpressPigeon Incorporated ("ExpressPigeon")

On 19 November 2018 the Group acquired the trade and assets of ExpressPigeon for an initial cash consideration of $0.6 million (£0.5 million) paid in cash at the time of the deal. A further $0.9 million (£0.7 million) is payable bi-annually over the 30 months following acquisition and is contingent on continued employment of the major shareholder so is accounted for as remuneration and will be recognised in subsequent periods as it becomes due.

ExpressPigeon brings further email capabilities to the Group and provides further opportunities to enhance IMImobile's offering in the US market.

The results of the acquired entity which have been consolidated in the income statement from 19 November 2018 contributed £0.1 million of revenues and a profit of £0.1 million to the profit attributable to equity shareholders of the Group during the year. As this was an asset acquisition it is not possible to accurately determine the contribution had the assets been acquired at the start of the year.

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

	Fair value £000
Net assets acquired:	
Identifiable intangible assets:	
Technology	292
Net identifiable assets acquired	292
Goodwill	215
Consideration during the year	507

16. Post balance sheet event

On 1 July 2019 the Company agreed early settlement of the contingent consideration payable on the acquisition of Infracast in order to accelerate integration activities and to further capitalise on market opportunities.

The Company agreed to pay to the sellers an aggregate settlement amount of £1,035,111 comprising £521,170 in cash, payable within 5 days, and £513,941 through the immediate issue of 159,609 ordinary shares of 10p each in the Company. Following payment of the settlement amount, there will be no further contingent consideration payable in relation to the acquisition.