20 November 2018

IMIMOBILE PLC

("IMImobile", "the Group" or "the Company")

Unaudited interim results for the six months ended 30 September 2018

"Continued growth and strategic progress"

IMImobile PLC, a cloud communications software and solutions provider, today announces its consolidated interim results for the six months ended 30 September 2018.

The Company is pleased to report it has continued to maintain strong momentum and has now achieved a three-year gross profit CAGR of 21% and a five-year gross profit CAGR of 18%.

Key financial highlights

- Revenue up 26% to £67.2m (2017: £53.1m) (15% organic[1])
- Gross profit up 18% to £29.2m (2017: £24.7m) (3% organic[1] or 10% organic excluding impact of MTN)
    - Strong organic[1] gross profit growth from monthly recurring revenues of 18% (excluding impact of MTN)
- Adjusted EBITDA[2] up 35% to £7.7m (2017: £5.7m)
- Adjusted profit after tax[2] up 40% to £4.7m (2017: £3.3m)
- Loss after tax on a statutory basis of £0.1m[3] (2017: profit of £1.0m)
- Diluted adjusted EPS[2] up 35% to 6.6p (2017: 4.8p)
- Adjusted cash generated from operating activities of £6.1m representing operating cash conversion[4] of 80% (2017: 100%)
- Cash and cash equivalents at 30 September 2018 of £12.0m (31 March 2018: £15.7m)
- Net debt[5] at 30 September 2018 of £9.3m (31 March 2018: net cash of £4.3m)

Operational highlights

- **Strong period of new client wins in UK:** numerous multi-year new contract wins with large enterprise clients in the banking, utilities, retail and logistics sectors
- **Enhanced operating leverage:** benefitting from past investment in partnerships and R&D - EBITDA margin (adjusted EBITDA / gross profit) up to 26.4% from 23.1%
- **Partnership momentum:** significant client wins through major partnerships; recognition and deployment in the second half of the year
- **Continued investment in innovation:** helping businesses explore opportunities with new messaging channels
- **Strengthened position in North America:** acquisition of Impact Mobile expands operational footprint in the region
- **Post period end acquisition:** completed acquisition of Express Pigeon, a US-based email marketing platform provider

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

"The Group has continued to perform well, both on a financial and operational basis. We have a strong position as market leader in the UK, Canadian and South African markets and have seen numerous, multi-year new contract wins in the UK across our core sectors. We are pleased that we have seen 18% organic growth in gross profit from monthly recurring revenues, excluding the known headwinds created by MTN. I am also pleased with the improved operating leverage from past investments made in partnerships and R&D.

The technology and consumer landscapes are evolving as anticipated and given our leading positions in certain markets and sectors, we expect to continue to benefit from these changes in the near-medium term. We have had a strong start to the second half and remain confident about the Group's prospects for the full year. We expect full year results to be in line with management expectations."

[1] Excluding acquired business of Sumotext, Healthcare Communications and Impact Mobile.
[2] See note 5 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.
[3] Profit after tax on a statutory basis increased by 37% excluding share based payment charges on contingent considerations and put options relating to acquisitions (see the consolidated income statement).
[4] Cash conversion is defined as adjusted cash generated from operations (see note 5) as a percentage of adjusted EBITDA
[5] Net (debt) / cash is defined as cash and cash equivalents less bank borrowings and reflects cash paid to acquire Impact Mobile in July 2018.

An analyst meeting will be held at 9.30am today at the offices of Newgate Communications, Sky Light City Tower, 50 Basinghall Street, London EC2V 5DE. To attend please contact Newgate Communications.

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About IMImobile PLC

IMImobile is a cloud communications software and solutions provider that enables companies to use mobile and digital technologies to improve and automate customer experience and engagement.

IMImobile's cloud software platform manages over 42 billion messages and 44 billion commerce transactions a year across the world. Organisations that trust us to deliver smarter digital customer engagement include Centrica, AA, O2, EE, BT, Foxtons, Pizza Hut, Vodafone, AT&T, MTN, three of the major retail banks in the UK and public-sector organisations in India, US and the UK.

IMImobile is headquartered in London with offices in Hyderabad, Little Rock, Toronto, 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.

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.

Chief Executive's Report

We are pleased with the progress made in the last six months. We have seen strong growth in Europe and the Americas and in our enterprise business in the Middle East and Africa and India and South East Asia. There is also a growing pipeline of opportunities and deployments across all sectors which will begin to be recognised from the second half of the year.

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.

Regional Review

Europe and Americas - Gross profit £20.3m (2017: £13.8m)

Europe and Americas contributed 70% of Group gross profit in the six months to 30 September 2018, representing year on year growth of 48%. We experienced strong organic growth of 21% with additional growth coming from the acquisitions of Impact Mobile in July 2018 and Sumotext and Healthcare Communications in the prior year.

It was a good period for blue chip UK client wins, notably in the banking, utilities, retail and logistics sectors. This list includes clients such as npower, our first client using Apple Business Chat and logistics provider Hermes, who are using IMIconnect to enhance its parcel delivery experience.

In addition to new client acquisitions a core objective continues to be to enable a greater number of interactions for our existing clients across multiple business functions. Success in this effort was illustrated through an addition of IMIconnect to the renewal of our IMIcampaign contract with one of the largest mobile operators in the UK. This will significantly enhance the number and complexity of customer journeys our platforms manage. In the last six months, we have also successfully deployed major cloud communications projects for two of the largest UK high street banks which we expect to provide significant upsell opportunities going forward.

There has also been growth in the SMB sector with initiatives to upsell the Group product set to existing clients proving to be successful. Textlocal continues to demonstrate year on year growth, improving its market share within its core operating segments.

Our most recent UK acquisition, Healthcare Communications, has to date met significant growth expectations. The launch of digital patient letters is proving to be successful with 14 NHS Trusts and Health Boards reporting cost savings of up to 51%, gaining recognition at 'The NHS in the North – Excellence in Supply Awards' in the Acute Hospital Sector and providing foundations for future growth.

Our partner programme has also gained momentum in the region. Through our relationship with BT, we have gained a new client in the travel sector and signed an additional distribution contract for our IMIchat, IMIbot.ai and IMIconnect products. There has also been a significant client win in the banking sector through our partnership with KCOM. We expect to deliver these solutions in the second half of the year. In the US, we were recently recognised by NICE inContact, a leading cloud contact centre vendor, as being an innovative technology partner and we are receiving regular sales opportunities from these partnerships.

The acquisition in July of Impact Mobile, Canada's leading provider of end to end mobile engagement solutions, expands our operational footprint in North America. At the time of acquisition, we identified multiple revenue synergies between the businesses and have initiated projects to combine technologies to deliver additional capabilities for Impact Mobile's existing clients. We are pleased with this earnings enhancing deal so far and hope to see further progress in the coming months.

Post period end, on the 19th November, we completed the acquisition of Express Pigeon, a US-based, email marketing platform provider to enhance our email capabilities for SMB clients. As a result of this acquisition and that of Impact Mobile, we will be looking to consolidate our activities across North America. On the same date, we have also exercised our right to acquire the remaining 20% share of IMImobile North America, Inc, an earnings neutral transaction. In consideration of this, the Company will issue 888,566 ordinary shares of IMImobile PLC to the management of IMImobile North America, Inc, some of which are subject to clawback based on the future performance of the entity and continuing service within the Group.

Middle East and Africa ("MEA") – Gross profit £4.6m (2017: £5.6m)

We have continued to experience headwinds as a result of trading conditions in Nigeria and new group policies at MTN, our largest client in the region, which have led to a decline in volumes. This has contributed to an overall decline of 31% in gross profit from mobile operators. However, we have expanded our footprint in the region and deployed projects into new Middle Eastern markets including Jordan and Palestine.

We are pleased with the progress of the enterprise division in the region with 20% gross profit growth, increasing from £1.4m to £1.7m. This was driven by a number of successful deployments and new contract wins including one of the largest banks in South Africa, Capitec, using IMIcampaign and IMIconnect to deliver a centralised client communications hub across its base of more than 10 million clients. We have also seen good progress with other banks in the region using our innovative messaging solutions to send digital bank statements that are highly visual and personalised.

India and South East Asia ("SEA") – Gross profit £4.3m (2017: £5.3m)

The India and South East Asia region experienced a decline of 19%. This was predominantly due to the recognition of deployments for our major contract with Telenor for IMIdigital. Last year, a high proportion of the deployments were in the first half of the year whereas this year the deployments are expected to be more equally weighted throughout the second half of the year. We have also expanded our telecom offering with new services deployed in Myanmar and Sri Lanka.

The enterprise business in the region continued to grow with Textlocal India onboarding more than 6,000 new customers and seeing a 65% increase in SMS volumes.

Market, Technology and Products

The technological landscape in which we operate continues to be characterised by rapid change, which is dramatically altering the relationships between customers and service providers in all sectors. The combination of faster networks, better devices and more intelligent software has resulted in significant disruption to the value chain in many sectors.

Driven by the changes in person to person communications, consumers now expect interactions with businesses to be personalised, relevant, contextual, interactive and conducted in real time. However, the majority of large enterprises struggle to keep pace with these demands due to the prevalence of existing legacy systems, established contractual agreements, complex integration points and frequent regulatory changes.

This creates a huge opportunity for a new generation of technology vendors and a threat to more established vendors. Consequently, we are seeing consolidation in the markets that we operate in; particularly amongst vendors with a single channel or on-premise solution that are acquiring cloud and multi-channel capabilities. We see this as validation of our existing approach and believe that we are well positioned to take advantage of the market opportunity due to our long-term investment in building our own intellectual property.

We are in a great position to benefit from the introduction of new messaging channels for businesses and we recently announced that we are one of a few software providers that can offer Apple Business Chat to our customers. Apple Business Chat is a powerful new way for consumers to communicate directly with businesses using the Messages app on the iPhone or iPad. We launched this additional channel capability with npower, one of the largest utility providers in the UK, to improve its customer experience for consumers looking to switch to a smart meter.

We also progressed several Rich Communication Services (“RCS”) messaging initiatives with global enterprises and telecommunications providers. The business has been working in collaboration with partners, including the GSMA, Google, Vodafone and its customers to drive the awareness and adoption of RCS business messaging in the market. We expect more RCS opportunities to develop in the next year when it becomes more widely adopted as a business messaging channel.

We are pleased with the successful deployments of our IMIbot.ai product for businesses that want to utilise artificial intelligence for customer interaction automation. A leading retailer in the UK using our IMIbot.ai product to improve contact centre agent efficiency has reported that, in the first three months, a third of all inbound customer chats were answered and resolved by a virtual agent. This has resulted in a reduction in the number of queries handled by human agents by 50%.

Growth Initiatives

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

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

We have consistently generated growth from existing and established clients. We have several customers using more than one product and now have growing list of over 40 customers generating more than half a million pounds per annum.

We are starting to see some success from the initial efforts that we put into establishing and growing our partner network. We have had significant client wins through our BT and KCOM partnerships and expect to announce more partnerships in the second half.

We expect the use of new rich media interactive communication channels and the use of artificial intelligence and machine learning to accelerate and we are at the forefront of exploring and delivering the benefits of such technologies to our clients.

We have been successful to date with all our acquisitions which have provided revenue synergies and we continue to review acquisition opportunities on a regular basis. The recent acquisition of Express Pigeon provides additional email capabilities into the Group and further opportunities to enhance our offering in the US market.

Outlook

The business to consumer, digital customer engagement landscape continues to move in the direction that we have long anticipated. Given our leading position in certain markets and sectors, we believe we are ideally positioned to continue to benefit from these changes. We have had a strong start to the second half and remain confident about the Group's prospects for the full year. We expect full year results to be in line with management expectations.

Jay Patel

CEO

IMIMOBILE PLC CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited Consolidated Income Statement

for the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 £000	Six months ended 30 September 2017 £000
Revenue	4	67,233	53,149
Cost of sales		(38,040)	(28,490)
Gross profit	4	**29,193**	**24,659**
Operating costs:			
Other operating costs		(21,473)	(18,957)
Depreciation of PPE and amortisation of internally generated intangibles		(2,010)	(1,552)
Amortisation of acquired intangibles		(1,119)	(561)
Share-based payment charge:			
- employee share schemes		(497)	(842)
- contingent consideration and put options on acquisitions		(2,294)	(574)
Acquisition costs		(652)	(39)
Exchange gains / (losses) on the Nigerian Naira		28	(357)
Operating profit		**1,176**	**1,777**
Finance income		254	-
Finance cost		(274)	(63)
Profit before tax		**1,156**	**1,714**
Tax		(1,248)	(681)
(Loss) / profit for the period		**(92)**	**1,033**
(Loss) / profit for the period attributable to:			
Equity holders of the parent company		(113)	1,073
Non-controlling interest		21	(40)
(Loss) / profit for the period		**(92)**	**1,033**
Adjusted EBITDA[1]		**7,720**	**5,702**
Basic earnings per share	5	(0.2p)	1.8p
Adjusted basic earnings per share	5	7.3p	5.5p
Diluted earnings per share	5	(0.2p)	1.6p
Adjusted diluted earnings per share	5	6.6p	4.8p

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

[1] See note 5 for details of adjusted performance measures, adjusting items and a reconciliation of statutory results to adjusted results.

IMIMOBILE PLC CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2018

	Six months ended 30 September 2018 £000	Six months ended 30 September 2017 £000
Profit for the period	**(92)**	**1,033**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
Equity holders of the parent	(67)	(2,240)
Non-controlling interest	(14)	(8)
Other comprehensive income / (expense) for the period	**(81)**	**(2,248)**
Total comprehensive income for the period	**(173)**	**(1,215)**
Total comprehensive income / (expense) for the period attributable to:		
Equity holders of the parent	(180)	(1,167)
Non-controlling interest	7	(48)
Other comprehensive income for the period	**(173)**	**(1,215)**

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

Unaudited Consolidated Statement of Changes in Equity

for the six months ended 30 September 2018

	Share capital £000	Share premium £000	Translation reserve £000	Share-based payment reserve £000	Capital restructuring reserve £000	Retained earnings/ (deficit) £000	Total equity attributable to shareholders of parent £000	Non-controlling interest £000	Total equity £000
Balance at 31 March 2017	**6,102**	**69,754**	**4,374**	**7,505**	**(29,040)**	**(7,901)**	**50,794**	**(8)**	**50,786**
Profit / (loss) for the period	-	-	-	-	-	1,073	1,073	(40)	1,033
Foreign exchange differences	-	-	(2,240)	-	-	-	(2,240)	(8)	(2,248)
Credit to equity for share-based payments	-	-	-	1,262	-	-	1,262	-	1,262
Deferred tax on share-based payments	-	-	-	-	-	80	80	-	80
Proceeds from share issue	29	80	-	(14)	-	-	95	-	95
Balance at 30 September 2017	**6,131**	**69,834**	**2,134**	**8,753**	**(29,040)**	**(6,748)**	**51,064**	**(56)**	**51,008**
Loss for the period	-	-	-	-	-	(171)	(171)	(19)	(190)
Foreign exchange differences	-	-	(375)	-	-	-	(375)	(129)	(504)
Net actuarial losses recognised on defined gratuity plan	-	-	-	-	-	(191)	(191)	-	(191)
Credit to equity for share-based payments	-	-	-	2,740	-	-	2,740	-	2,740
Deferred tax on share-based payments	-	-	-	-	-	250	250	-	250
Proceeds from share issue	73	1,220	-	(711)	-	-	582	-	582
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 Limited	-	-	-	-	-	-	-	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) / profit for the period	-	-	-	-	-	(113)	(113)	21	(92)
Foreign exchange differences	-	-	(67)	-	-	-	(67)	(14)	(81)
Credit to equity for share-based payments	-	-	-	2,430	-	-	2,430	-	2,430
Deferred tax on share-based payments	-	-	-	-	-	468	468	-	468
Contingent consideration as part of acquisition	-	-	-	(2,387)	-	-	(2,387)	-	(2,387)
Proceeds from share issue	329	1,991	-	(600)	-	-	1,720	-	1,720
Balance at 30 September 2018	**6,533**	**3,237**	**1,692**	**10,225**	**(29,040)**	**63,459**	**56,106**	**114**	**56,220**

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

IMIMOBILE PLC CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited Consolidated Statement of Financial Position

as at 30 September 2018

	Notes	As at 30 September 2018 £000	As at 31 March 2018 £000
Non-current assets			
Goodwill		41,647	33,265
Other intangible assets		30,921	20,420
Property, plant and equipment ("PPE")		4,314	4,609
Deferred tax assets		561	484
Total non-current assets		**77,443**	**58,778**
Current assets			
Cash and cash equivalents		11,981	15,743
Trade and other receivables		44,411	40,094
Total current assets		**56,392**	**55,837**
Current liabilities			
Trade and other payables		(48,872)	(43,996)
Provision for contingent consideration		(1,806)	(1,806)
Bank borrowings		(1,641)	(223)
Total current liabilities		**(52,319)**	**(46,025)**
Net current assets		**4,073**	**9,812**
Non-current liabilities			
Provision for contingent consideration		(557)	(557)
Bank borrowings		(19,615)	(11,196)
Provision for defined benefit gratuity		(920)	(912)
Deferred tax liabilities		(3,946)	(1,763)
Other provisions		(258)	-
Total non-current liabilities		**(25,296)**	**(14,428)**
Net assets		**56,220**	**54,162**
Equity attributable to the owners of the parent			
Share capital		6,533	6,204
Share premium		3,237	1,246
Translation reserve		1,692	1,759
Share-based payment reserve		10,225	10,782
Capital restructuring reserve		(29,040)	(29,040)
Retained earnings		63,459	63,104
Equity attributable to shareholders of the parent		**56,106**	**54,055**
Non-controlling interest		114	107
Total equity		**56,220**	**54,162**

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

IMIMOBILE PLC CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited Consolidated Cash Flow Statement

for the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 £000	Six months ended 30 September 2017 £000
Operating activities			
Cash from operating activities	6	5,490	5,675
Tax paid		(520)	(237)
Net cash from operating activities		**4,970**	**5,438**
Investing activities			
Interest received		254	-
Purchases of PPE and intangible assets		(3,467)	(2,968)
Sale of available-for-sale financial assets		-	28
Acquisition of subsidiary net of cash acquired	7	(14,480)	-
Contingent consideration as part of acquisition		(2,387)	-
Net cash used in investing activities		**(20,080)**	**(2,940)**
Financing activities			
Bank loan received		10,000	-
Repayment of bank loans		(163)	(153)
Interest paid		(274)	(63)
Proceeds from issuance of Ordinary shares		1,720	95
Net cash used in financing activities		**11,283**	**(121)**
Net increase in cash and cash equivalents		(3,827)	2,377
Cash and cash equivalents at beginning of the period		15,743	14,662
Effect of foreign exchange rate changes		65	(1,644)
Cash and cash equivalents at end of the period		**11,981**	**15,395**

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

IMIMOBILE PLC CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Notes to the unaudited consolidated interim financial statements

for the six months ended 30 September 2018

1. Basis of preparation

The condensed consolidated interim financial statements for the six-month period ended 30 September 2018 have been prepared under the measurement principles of IFRS, using accounting policies and methods of computation consistent with those set out in the Company's 31 March 2018 financial statements. As permitted by AIM rules the Group has not applied IAS 34 'Interim reporting' in preparing these interim reports.

IMImobile PLC (the "Company") is a company domiciled in the UK. The consolidated interim financial statements of the Company for the six-month period ended 30 September 2018 comprise of the Company and its subsidiaries (together referred to as "the Group").

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

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

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

2. Basis of consolidation

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

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

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

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

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

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

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

3. Accounting policies

The principal accounting policies adopted are consistent with those of the consolidated financial statements of IMImobile PLC for the year ended 31 March 2018.

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

4. Business and geographical segments

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

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

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

Geographical revenue and results

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

	Europe and Americas £000	MEA £000	India and SEA £000	Total £000
Six months ended 30 September 2018				
Revenue	51,041	7,687	8,505	**67,233**
Gross profit	20,299	4,576	4,318	**29,193**
Other operating costs				**(21,473)**
Depreciation and amortisation				**(3,129)**
Share-based payment charge				**(2,791)**
Acquisition and restructuring related costs				**(652)**
Exchange gains on the Nigerian Naira				**28**
Operating profit				**1,176**
Finance income				**254**
Finance cost				**(274)**
Profit before tax				**1,156**
Tax				**(1,248)**
Profit after tax				**(92)**
Non-current assets	71,072	4,000	2,371	**77,443**
Six months ended 30 September 2017				
Revenue	35,185	9,145	8,819	**53,149**
Gross profit	13,740	5,615	5,304	**24,659**
Other operating costs				**(18,957)**
Depreciation and amortisation				**(2,113)**
Share-based payment expense				**(1,416)**
Acquisition and restructuring related costs				**(39)**
Exchange losses on the Nigerian Naira				**(357)**
Operating profit				**1,777**
Finance cost				**(63)**
Profit before tax				**1,714**
Tax				**(681)**
Profit after tax				**1,033**
Non-current assets	26,813	8,745	6,330	**41,888**

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

During the period revenues from four customers (Customer A, Customer B, Customer C and Customer D) accounted for 19% (2017: 18%), 9% (2017: 11%), 3% (2017: 7%) and 2% (2017: 5%) of the Group's revenue respectively.

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. Licence, one-off and professional service revenues.

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

	Monthly recurring revenue £000	Licence, one-off and professional services £000	Total £000
Six months ended 30 September 2018			
Revenue	62,733	4,500	**67,233**
Gross profit	25,564	3,629	**29,193**
Six months ended 30 September 2017			
Revenue	47,718	5,431	**53,149**
Gross profit	20,171	4,488	**24,659**

5. Earnings per share ('EPS')

	Six months ended 30 September 2018 pence	Six months ended 30 September 2017 pence
Basic EPS	(0.2)	1.8
Adjusted basic EPS	7.3	5.5
Diluted EPS	(0.2)	1.6
Adjusted diluted EPS	6.6	4.8

	Six months ended 30 September 2018 million	Six months ended 30 September 2017 million
Weighted average number of ordinary shares for the purpose of basic EPS	63.5	61.1
Effect of dilutive potential ordinary shares: share options	7.8	7.8
Weighted average number of ordinary shares for the purpose of diluted EPS	**71.3**	**68.9**

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

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

	Statutory results £000	A £000	B £000	C £000	D £000	E £000	Adjusted results £000
Six months ended 30 September 2017							
Revenue	53,149	-	-	-	-	-	53,149
Gross profit	24,659	-	-	-	-	-	24,659
Operating costs	(22,882)	1,416	39	561	357	-	(20,509)
Operating profit	1,777	1,416	39	561	357	-	4,150
Profit before tax	1,714	1,416	39	561	357	-	4,087
Tax	(681)	80	(5)	(143)	-	-	(749)
Profit after tax	1,033	1,496	34	418	357	-	3,338
EBITDA[1]	3,890	1,416	39	-	357	-	5,702
Cash generated from operations	5,675	-	39	-	-	-	5,714
Basic EPS (pence)	1.8	2.4	0.1	0.7	0.6	(0.1)	5.5
Diluted EPS (pence)	1.6	2.2	0.1	0.5	0.5	(0.1)	4.8

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

A Share-based payment charge, which predominantly relates to acquisition activities.

B Costs of acquisition activity.

C Amortisation of acquired intangibles.

Other adjusting items:

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

E 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.

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

6. Notes to the Consolidated Cash Flow Statement

	Six months ended 30 September 2018 £000	Six months ended 30 September 2017 £000
Cash flows from operating activities:		
Profit before taxation	1,156	1,714
Adjustments:		
Net interest cost	20	63
Share-based payments	2,791	1,416
Depreciation of PPE and amortisation of intangible assets	3,129	2,113
Exchange (gains) / losses on the Nigerian Naira	(28)	357
Operating cash flows before movements in working capital:	**7,068**	**5,663**
(Increase) / decrease in receivables	(3,366)	(6,097)
Increase / (decrease) in payables	1,638	6,159
Increase / (decrease) in provision for defined benefit gratuity plan	21	44
Foreign exchange loss / (gain) on working capital	129	(94)
Cash generated from operations	**5,490**	**5,675**

7. Acquisition of Impact Mobile Inc ("Impact Mobile")

On 3 July 2018 the Group acquired Impact Mobile for a maximum total consideration of C$27.5 million (£15.8 million) comprising an initial consideration of C$25 million (£14.6 million) paid in cash at the time of completion and a further C$2.5 million (£1.5 million) paid in cash six months after completion.

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 is 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 will also strengthen 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 3 July 2018 contributed £2.0 million of revenue and a profit of £0.8 million to the profit attributable to equity shareholders of the Group during the period. Had Impact Mobile been acquired at the start of the period the contribution would have been £3.8 million of revenue and a profit of £1.5 million.

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

	Fair value £000
Net assets acquired:	
Identifiable intangible assets:	
Customer relationships	7,967
Technology	462
Trade name	387
Deferred tax recognised on identifiable intangible assets:	
Customer relationships	(2,151)
Technology	(125)
Trade name	(104)
Property, plant and equipment	636
Intangible assets	432
Trade and other receivables	1,297
Cash and cash equivalents	95
Trade and other payables	(1,393)
Net identifiable assets acquired	7,503
Goodwill	8,622
Total consideration	16,125
Cash consideration during the period	14,575
Cash acquired	(95)
Consideration during the period net of cash acquired	14,480
Cash consideration during the period	14,575
Consideration due in less than one year	1,550
Total consideration	16,125

8. Post balance sheet event

Acquisition of Express Pigeon

On 19 November 2018 the Company acquired the trade and assets of Express Pigeon, a US-based email marketing platform provider. The total consideration will be $1.5 million.