

Parent of Tap2Bill Limited (03212199)

Company Registration No. 08802718

**IMImobile Limited**  
(formerly IMImobile PLC)

**Annual Report and Financial Statements**

**31 March 2021**



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# **IMI Mobile Limited**

## **Annual Report and Financial Statements for the year ended 31 March 2021**

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## **Officers and professional advisers**

### **Directors**

Jayesh Patel

Michael Jefferies

### **Registered Office**

5 St. John's Lane

London

EC1M 4BJ

United Kingdom

### **Bankers**

Silicon Valley Bank

Alphabeta

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London

EC2A 1BR

### **Lawyers**

Bracher Rawlins LLP

20 St Andrew Street

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### **Independent auditors**

PricewaterhouseCoopers LLP

3 Forbury Place

23 Forbury Rd

Reading

RG1 3JH

## Strategic Report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

We have delivered another good trading performance over the year to 31 March 2021. Despite the impact of COVID-19, we have achieved 11% gross profit growth in our core Cloud Communications segment (2% gross profit growth including the Operator VAS & Payments business) and flat adjusted EBITDA of £21.6m.

Revenue in the year declined, solely driven by a change in the business model with one customer, which has had a significant positive impact on gross profit margin with little impact on gross profit.

Following the announcement of the proposed acquisition by Cisco on 19 February 2021, there has been a significant amount of work to integrate the business into Cisco through sales collaboration, product integrations and the onboarding of our employees. This work is still in progress and we look forward to an acceleration of the integration over the coming months.

Following completion of the acquisition IMI Mobile PLC delisted from AIM and was renamed IMI Mobile Limited.

During the year, we also conducted a strategic review of the Operator VAS & Payments business and it was concluded that the best option for the long-term success of the Group would be a sale of the VAS business to the existing management team. This management buy out completed post year-end in August 2021 and, following a period of transition steps, the businesses are almost entirely operating independently from one another with the exception of some minor transitional services.

### COVID-19

The COVID-19 pandemic significantly impacted our healthcare & SMB businesses as hospitals were forced to cancel routine appointments and smaller businesses closed or scaled back operations. However, both areas of the business have now fully recovered and volumes are now back to pre-pandemic levels.

In general, COVID-19 has driven an acceleration in the digital communication strategies of large enterprises and, although it has undoubtedly created challenges, it has also demonstrated the mission-critical nature of the interactions we deliver for our customers. We have helped businesses rapidly transition their contact centres to remote working with our contact centre application, imiengage. We have also delivered emergency communications for our clients across all sectors, including working with the major mobile operators in the UK to send 'Stay at home' communications on behalf of the government.

Our team have been exceptional throughout this challenging period and adapted to working remotely with ease. Following some employee salary reductions at the start of the pandemic, all salaries, excluding those of the Board, were returned to normal levels from 1 July 2020, with the Board salaries returned to normal levels from 1 October 2020. Following signs of recovery in the areas impacted by the pandemic, the Board decided to repay the deductions made earlier in the year.

### Trading performance to 31 March 2021

#### *Cloud Communication Products – 89% of Group gross profit*

*Europe – gross profit down 2% to £37.1m (2020: £37.8m)*

The Europe region has had a mixed performance in the last year and makes up about 52% of our overall business.

We have seen good progress within our operator vertical – expanding the services and departments we work with as well as the channels we offer within Vodafone and EE. We also renewed our long-standing contract with O2 who have been a customer for many years, as well as starting to work with Three UK for the first time. We have also made strategic progress in the Spanish market, working across different networks to provide them with RCS Business Messaging capabilities and we hope to see further expansion into other European operators in future periods.

There has been steady progress within the enterprise/public sector market. We have extended our banking coverage across multiple banking clients, expanding our already significant market share across the UK retail banking sector. During the year, there were also renewals of key customer accounts within the region, including major clients in the utility, banking and media sectors, as well as the acquisition of new flagship logos such as the UK's largest police service.

As previously mentioned, the COVID-19 pandemic significantly impacted our SMB (Textlocal) and healthcare business units in the UK. Textlocal has now made a full recovery, even reporting some record volumes in recent months and has won several new flagship logos including a significant win with one of the leading survey companies in the world. Our healthcare unit was also significantly impacted during the peak of the pandemic due to the lack of inpatients and non-urgent operations in hospitals causing volumes to drop by up to 40%. However, the team continued to develop our relationships with customers during this period and activity levels and revenues have now returned or even exceeded pre-pandemic levels. We have also won and deployed our suite of products at a flagship NHS trust, which is a significant new client win during the year.

*Americas – gross profit up 43% to £26.2m (2020: £18.4m)*

It has been an excellent year of progress within the Americas region, with gross profit up by 43%. This has been the first full year of contribution from 3Cinteractive following acquisition in August 2019, and we consolidated our North America business in the year with common sales, marketing and financial systems.

We have won 43 new logos during the year as well as managing to upsell the core cloud communication product set to existing clients including across Operators, Retail and Travel sectors.

There have also been major deployments for our largest retail client during the year as we launched 23 services across their operating units – deploying first on AWS and then on Microsoft Azure. It's a huge testament to our teams and strength of our technology that we have been able to work remotely to deploy such high-availability, business critical services.

During the year, we have also established our CPaaS wholesale business in the region and deployed the first RCS campaigns for a major Canadian carrier.

*Middle East & Africa (MEA) – gross profit up 14% to £5.0m (2020: £4.4m)*

There has been a mixed performance in the MFA region. Despite a tough trading environment in South Africa, we managed to expand our relationship with multiple significant clients in the region.

We have also secured a new CPaaS contract with a UAE based Operator who are a strategically important telco provider in the region.

*Asia-Pacific (APAC) – gross profit down 20% to £3.2m (2020: £4.0m)*

The decline in this region is mostly due to the decision to discontinue non-core activities for certain enterprise clients following strategic reviews of activities in the region. However, we have seen an acceleration in the number of customers wanting to use WhatsApp Business via the imiconnect platform and the region has been a centre of innovation for these new communication channels.

We have also managed to upsell to existing clients particularly in motor vehicle and banking sectors.

#### **Operator VAS & mobile payments – 11% of Group gross profit**

The Group's operator VAS and mobile payments business experienced a gross profit decline of 40%.

In APAC and MEA, operator VAS gross profit declined from £11.0m to £7.1m. As announced at the time of the Cisco offer, the Board conducted a strategic review of the VAS segment and a sale to the existing management was completed in August 2021.

The mobile payments business in the UK continued to experience declines due to regulations and changes in consumer habits, with gross profit in the region falling by over 60% from £2.2m to £1.2m and management have decided to wind down this part of the business.

#### **Summary and Outlook**

Today, the business manages billions of mission-critical interactions and orchestrates some great customer experiences for an incredible blue-chip client list. We currently work with many of the world's leading mobile operators, the top UK high street banks, some of the largest retailers in North America, as well as prominent public sector organisations globally. The sale to Cisco for \$730m reflects both what has been achieved in creating market leading technology and the substantial opportunity going forward.

For many years, we have wanted to be “at the heart of customer interactions” for our clients and we are excited by the combination with Cisco that will allow us to accelerate our vision to create a world of dynamic, always-on connections between businesses and their customers. We understand that customer interactions don't take place in a single silo within an organisation on a single communication channel - they occur across many touchpoints, including contact center, customer experience, marketing or service teams. Together with Cisco WebEx Contact Center capabilities, we will enable businesses to provide a seamless connected end-to-end journey that is the future of customer experience.

The entire senior management team at imimobile is committed to this next step in our story as it will allow us to greatly expand our reach, accelerate our pace of innovation and access the support of one of the world's most consistently successful technology businesses.

#### **Principal risks and uncertainties of the Group**

The Board has overall responsibility for managing risk. Risks are formally identified and recorded in a risk register, which is reviewed by the Board at each full board meeting. Risks are evaluated based on likelihood and potential impact, including any change from the prior year, and the register records current mitigating controls to reduce risk, together with any required actions to further reduce risk to appropriate levels. Following the acquisition of the Group by Cisco, the Board has removed its acquisition strategy as a risk area but considers dependence on key personnel risk area to have increased in recognition of the importance of the leadership and senior management teams towards the Group's successful integration into Cisco.

Risk area	Potential impact	Change in the year	Mitigation of risks
<i>Exchange rate fluctuations</i>	A significant proportion of the Group's revenue is generated overseas and is denominated in Indian Rupees, US Dollars, Canadian Dollars and South African Rand and cash deposits are held in multiple foreign currencies, most significantly the Indian Rupee, Canadian Dollar and US Dollar. Therefore, the Group is exposed to foreign currency risk due to fluctuations in exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the Group's operating results.	↔	The Group naturally mitigates this risk by offsetting its cost base in the same currencies where possible and by closely monitoring exchange rate fluctuations. Prior to acquisition by Cisco the Group repatriated cash into UK Pounds Sterling whenever possible and made use of forward exchange contracts where considered commercially appropriate. Cisco's treasury function will now help the Group to mitigate its risk relative to their wider foreign exchange planning.
<i>Dependence on key personnel</i>	The Group's future success is substantially dependent on the continued services and performance of its leadership and senior management each of whom has significant relevant experience.	↑	Following the acquisition by Cisco long term retention incentives have been provided to the leadership team and key executives of the Group. Cisco also ensure that the remuneration of all employees is regularly benchmarked against key competitors.

<i>Customer relationships</i>	<p>A proportion of the Group's business is derived from supplying ongoing services to customers based on formal contracts. Despite historically low levels of customer attrition and the longevity of many of the Group's relationships with its core customers, it is possible that customer attrition rates may increase in the future due to increased competition, the take-over or merger of major customers or changes in market demand. It is also possible that during the renewal of contracts with large blue-chip customers that the fees payable can be reduced, or that the volume of interactions between our clients and their customers may reduce over time.</p>	↔	<p>The Group seeks to minimise the risk of events of this nature occurring by diversifying its customer base, and maintaining strong relationships with its customers, as well as signing long-term contracts with customers. The Group also actively attempts to cross-sell and upsell additional platforms and solutions to existing customers.</p>
<i>Technological change</i>	<p>The Group operates in markets that are subject to constant technological development, evolving industry standards and changes in customer needs. Therefore, the Group is subject to the effects of actions by competitors in these markets and relies on its ability to anticipate and adapt to constant technological changes taking place in the industry, for example the growing number of communication channels used by consumers. To maintain its strong position in the market, the Group needs to successfully market its products and services and respond to both commercial actions by competitors and other competitive factors affecting these markets, anticipating and adapting promptly to technological changes, changes in consumer preferences and general economic, political and social conditions.</p>	↔	<p>The Group continues to spend significantly in research and development as well as employing product and solution specialists who monitor market developments and keep the product offering relevant for the markets in which the Group operates.</p>
<i>Data privacy and regulatory compliance</i>	<p>Certain activities of the Group and its customers may require the implementation of appropriate privacy and security policies or explicit end user opt-in and compliance with certain legislation including general data protection regulations (GDPR) which affect how personal data is processed and stored or the United States Telephone Consumer Protection Act (TCPA) which regulates the opt-in of consumers to receive digital communications. They may also affect the types of communication which are allowed based on permissions given by end users. Failure to comply with the laws governing the management of end user and customer data could result in fines, damage to reputation or the loss of customers.</p>	↔	<p>The Group has invested heavily in its products, platforms and processes in order to ensure market leading technology and practice are built-in to the solutions provided to its customers.</p>
<i>Cyber security</i>	<p>Security of customer, employee and commercial data represents an increasing reputational and financial risk. Many of the Group's customers are high profile and recognisable brands, and a failure to maintain best in class security protocols and systems could result in significant damage to the Group.</p> <p>The increasing trends around cyber crime suggest that this risk will continue to increase over time.</p>	↑	<p>The Group invests in best-in class software and platforms for proactively managing cyber security. Group staff undergo regular training and are kept aware of evolving risks.</p> <p>The Group maintains various security certifications including ISO 27001.</p> <p>The Group also benefits from working with some of the best Global businesses with extremely high security standards, requiring regular and detailed audits of their suppliers.</p> <p>Following acquisition by Cisco the Group also expects to benefit from a broader and deeper pool of expertise in this area which is expected to result in improved policies and practices.</p>

Significant failure of, or interruption to network or IT systems	The Group's business depends on providing customers with highly reliable platforms and services. Unanticipated network, or other, interruptions (whether accidental or otherwise) may occur as a result of system failures, including hardware or software failures, which affect the quality, or cause an interruption in the Group's supply of services. Such failures can result from a variety of factors within the Group's control, including human error, equipment failure, power loss, failure of services related to the internet and telecommunication networks, as well as factors outside of the Group's control, such as system failures of network service providers, fire, earthquake, adverse weather and other natural disasters, water damage, fibre optic cable cuts, power loss not caused by the Group and terrorism.	↔	The Group's infrastructure is hosted mainly using third party data centres, with major platforms and systems also benefiting from geographical redundancy. Third party hardware and software support contracts are in place. Connectivity to multiple networks also provides mitigation against elements of this risk.
COVID-19 or other global pandemic	<p>The COVID-19 pandemic has had wide-ranging impacts on the Global economy and further surges from new variants or other global pandemic could impact the Group's employees, shareholders, suppliers and customers as a result of restrictions in movement, including:</p> <ul style="list-style-type: none"> <li>• Reduction in interaction and therefore revenues from certain customer verticals or in certain geographies</li> <li>• Reduction in ability to identify and win new sales opportunities</li> <li>• Increase in likelihood of bad debt from customers in financial distress</li> <li>• Increase in volume of financially motivated cyber attacks</li> </ul>	↔	<p>The Group maintains and tests detailed, regional business continuity plans covering remote working and back-up measures to ensure that support and services provided to customers can be maintained remotely from the various regions in which the Group operates.</p> <p>The Group has a well diversified customer base spread across several international markets.</p> <p>The major debtors of the Group are made up of large corporates and therefore less likely to default on credit obligations.</p> <p>The Group's well established information security controls are continually reviewed and enhanced.</p>

#### Corporate Social Responsibility and Section 172 statement

At imimobile, we are committed to operating in an ethical and responsible manner. We focus our efforts on our workplace, our community and the environment. As part of the UN Global Compact initiative, we have committed to adopting sustainable, socially responsible policies and adhere to their universal principles on human rights, labour practices, the environment and anti-corruption.

#### Our Workplace

We recognise that our employees are our greatest asset and critical to business success. We continue to invest in developing our employees and encourage teams to develop their skills and keep up to date with new technologies, market developments and business processes.

We use our internal communications platform, Workplace, to encourage employees to share knowledge across the business, recognise colleagues for outstanding work, announcing new customer wins and asking questions if they need help. We also regularly host Townhalls with Live Q&A sessions which all staff globally are invited to attend and ask questions directly about business updates. We also have an online feedback tool where all employees can anonymously submit any feedback and provide thoughts or suggestions on any aspect of the business and have regular employee pulse surveys to keep in touch with how our colleagues are feeling.

During the COVID-19 pandemic, we encouraged our employees to adopt a healthy lifestyle and the physical and mental wellbeing of our teams is one of our highest priorities. We hosted a number of wellbeing programmes to support our teams working remotely including stress management training, virtual social events such as escape rooms and quizzes, as well as supporting parents whilst schools were closed through virtual activities for children.

#### Our Community

One of our core values is to make every interaction with society matter and we actively encourage employees to try and make a difference and contribute to positive change. We encourage our teams to follow these three principles to help us to live this value:

- I strive to do the right thing and consider my environmental impact
- I work on personal projects that make a difference
- I do what I can to increase inclusion and diversity

This year, we established the imimobile green team which has representatives from all of the regions in which we operate. The green team has run a number of educational initiatives in the last year to try and create awareness around ways that employees can actively reduce their carbon footprint. Following the Black Lives Matter movement, imimobile also signed an open letter that demanded action on Black inclusion for businesses which you can read on our website.

### *Our Customers and Suppliers*

We are dedicated to providing and maintaining the highest standards in all aspects of the organisation's relationships with clients, staff and suppliers.

These standards not only apply to all professional advice supplied by our business, but also to the organisation's ethics, behaviour and relationships. We seek on-going and continuous improvement of quality and are committed to:

- Clear identification and definition of client requirements as a first step to ensure customer satisfaction;
- Staff commitment to a quality and continuous improvement approach;
- Helping staff develop their competencies towards business objectives;
- Ensuring that our supply chain operates in an ethical and responsible manner;
- Using a continuous improvement approach in all aspects throughout the business; and
- Regularly reviewing systems, covering effectiveness and any non-conformance issues.

### *Our Environment*

The environmental impact of the business is relatively low as we have no manufacturing facilities and many of our cloud-based solutions reduce environmental impact for our clients through digital communications such as digital hospital appointment letters and delivery of paperless bank statements.

At present, we have implemented the following sustainability initiatives:

- Reducing travel emissions through cycle to work schemes, discounted rail fares, pollution checking for employee vehicles etc.;
- Use of video conferencing software, Microsoft Teams and Cisco Webex, to limit the number of in-person meetings;
- Supporting flexible working where possible;
- Reducing paper and ink wastage through automatic double-sided printing; and
- Upholding good office practices such as recycling and limited use of single use or plastic materials.

As mentioned, we have now established a green team and look forward to working with the Cisco sustainability teams to make further improvements in the next year.

The Strategic Report was approved by the Board and signed on its behalf by:



Mike Jefferies  
Director  
23 December 2021



## Directors' Report

The Directors present their annual report and audited consolidated financial statements on the affairs of IMImobile Limited for the year ended 31 March 2021.

Following completion of the acquisition IMImobile PLC delisted from AIM and was renamed IMImobile Limited on 17 March 2021.

### Results and dividends

The results for the year are set out in the consolidated income statement on page 15. Since listing in 2014 until the Group's acquisition by Cisco there was no dividend policy. A dividend was paid to IMImobile Limited by one of its subsidiaries in March 2021 and resulted in a dividend expense of £175,000 to non-controlling interests (2020: £nil). Distribution of the Group's reserves will now be determined by Cisco's policies.

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

#### Executive Directors

Mr Jayesh (Jay) Patel

Mr Michael (Mike) Jefferies

Mr Shyamprasad (Shyam) Bhat (resigned 24 March 2021)

#### Non-executive Directors

Mr John Allwood (resigned 19 February 2021)

Mr Viswanatha (Vish) Alluri (resigned 19 February 2021)

Mr Simon Blagden (resigned 19 February 2021)

### Strategic Report

The Strategic Report covers pages 4 to 8. The Company has chosen to set out likely future developments in the Strategic Report that would otherwise be required to be disclosed in the Directors' Report.

### Financial risk management objectives and policies

Disclosures relating to financial risk management objectives and policies, including our policy for hedging are set out in note 27 to the consolidated financial statements and disclosures relating to exposure to price risk and credit risk are outlined in note 27.

### Streamlined energy and carbon reporting

As outlined in the Corporate Social Responsibility statement, the group is committed to reducing its environmental impact. The Streamlined Energy and Carbon Reporting (SECR) regulations require us to report on our energy use. The only company under the mandatory scope of SECR within the Group is IMImobile Europe Limited so the following disclosure relates only to that subsidiary.

#### Scope and methodology

As IMImobile Europe Limited does not pay directly for its purchased fuel consumption within its offices we have estimated consumption by applying known energy use from meter readings in another UK office in the Group to the offices of IMImobile Europe Limited based on their square footage. The carbon impact of this energy use has been calculated by taking the average mix of fuels used in electricity and gas generation in the UK and the carbon intensity ratio of each to give the average kilogrammes of carbon dioxide (Kg CO<sub>2</sub>) produced for every kilowatt hour (KWh) of electricity and gas used.

Carbon from transport has been calculated based on the mileage in employee expense claims multiplied by the SECR provided intensity ratio for an average car.

We consider data centres to fall under scope 3 of the SECR guidelines as the company does not have control over the energy used and is not billed directly for the energy and therefore these are not included within this disclosure.

The company's energy use was as follows:

		kWh	Kg CO <sub>2</sub> e
Purchased electricity generated from office space	Scope 2	68,859	10,642
Fuel used by employees in personal cars on business use	Scope 1	6,164	6,910
		75,023	17,552

#### Intensity measurement

The emissions intensity measure (scope 1+2/FTE) of IMImobile Europe Limited is 146 Kg CO<sub>2</sub>e per employee (2020: 551 Kg CO<sub>2</sub>e per employee).

### Supplier payment policy

The Company has no trade creditors because it is a parent company and does not generate trading revenues. Accordingly, no disclosure can be made of year-end trade creditor days. However, the Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. The average trade creditors for the Group, expressed as a number of days, were 122 (2020: 117).

### Related party transactions

Disclosures relating to related party transactions are set out in note 16 to the consolidated financial statements.

#### **Charitable and political donations**

Charitable donations made by the Group in the year were £12,000 (2020: £88,000). Political donations were £nil in both years.

#### **Employees**

The number of employees and their remuneration is set out in note 6.

The Group is committed to offering equal employment opportunities and its policies are designed to attract, retain and motivate the best staff regardless of gender, race, colour, religion, ethnic or national origin, age, marital status, disability, sexual orientation or any other conditions not relevant to the performance of the job, who can demonstrate that they have the necessary skills and abilities.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The Group complies with all applicable labour laws in the respective jurisdictions in which it operates.

#### **Going concern**

In determining whether the financial statements can be prepared on the going concern basis, the Directors considered the Company's and Group's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and the principal risks and uncertainties relating to its business activities including COVID-19, as given in the Strategic Report.

Based on cash flow forecasts which take into account the Directors' best estimate of current sales orders and opportunities, expenditure forecasts as well as the Group's current cash balance and support from Cisco following acquisition, the Directors consider it appropriate to prepare the financial statements on the going concern basis. For further details please refer to note 1.

#### **Independent Auditors**

In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- as far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation should be given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

#### **Directors' indemnities**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Mike Jefferies', with a long horizontal stroke extending to the right.

Mike Jefferies  
Director  
23 December 2021

## **Independent auditor's report to the members of IMImobile Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion:

- IMImobile Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2021 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and Company Balance Sheet as at 31 March 2021; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Group and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and transfer pricing, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent recognition of revenue. Audit procedures performed by the engagement team included:

- enquiry of management, those charged with governance and the in-house legal team around actual and potential litigation and claims;
- performing a walkthrough of the revenue to receivables cycle to ensure we understand management's process and controls;
- auditing the risk of management override of controls, including through testing a sample of journal entries and other adjustments for appropriateness;
- assessing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business; and
- reviewing minutes of meetings of those charged with governance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

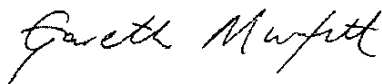
### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Gareth Murfitt (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
23 December 2021

## Consolidated Income Statement

For the year ended 31 March 2021

	Notes	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Revenue	2, 5	157,438	171,187
Cost of sales		(77,115)	(92,080)
<b>Gross profit</b>	5	<b>80,323</b>	<b>79,107</b>
<b>Operating costs:</b>			
Other operating costs		(58,690)	(57,510)
Depreciation and amortisation		(13,816)	(10,977)
Share-based payment charge	24	(4,810)	(2,172)
Acquisition costs	4	(12,027)	(3,838)
Restructuring costs	4	(775)	-
<b>Operating (loss) / profit</b>	4	<b>(9,795)</b>	<b>4,610</b>
Finance income	7	287	145
Finance cost	7	(1,773)	(1,625)
<b>(Loss) / profit before tax</b>		<b>(11,281)</b>	<b>3,130</b>
Tax	8	(4,710)	(1,102)
<b>(Loss) / profit for the year</b>		<b>(15,991)</b>	<b>2,028</b>
<b>(Loss) / profit for the year attributable to:</b>			
Equity holders of the parent company		(15,976)	1,972
Non-controlling interest		(15)	56
<b>(Loss) / profit for the year</b>		<b>(15,991)</b>	<b>2,028</b>
	Note	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Adjusted EBITDA <sup>1</sup>	9	21,633	21,597

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

<sup>1</sup> Adjusted for costs which management do not consider reflect underlying business performance - see note 9 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 2021

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
(Loss) / profit for the year	(15,991)	2,028
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations		
Equity holders of the parent company	(5,951)	(1,609)
Non-controlling interest	(76)	140
Net actuarial gains/(losses) recognised on defined gratuity plan		
Equity holders of the parent company	79	(145)
Non-controlling interest	-	-
<b>Other comprehensive loss for the year</b>	<b>(5,948)</b>	<b>(1,614)</b>
<b>Total comprehensive (loss) / income for the year</b>	<b>(21,939)</b>	<b>414</b>
<b>Total comprehensive (loss)/income for the year attributable to:</b>		
Equity holders of the parent company	(21,848)	218
Non-controlling interest	(91)	196
	<b>(21,939)</b>	<b>414</b>

The figures included above are stated net of corporate taxation.

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



## Consolidated Statement of Financial Position

As at 31 March 2021

	Note	As at 31 March 2021 £000	As at 31 March 2020 £000
<b>Non-current assets</b>			
Goodwill	10	67,779	70,028
Other intangible assets	11	47,123	53,398
Property, plant, equipment and right-of-use assets	12	3,795	6,517
Deferred tax assets	22	179	724
Total non-current assets		118,876	130,667
<b>Current assets</b>			
Cash and cash equivalents	13	54,494	25,089
Trade receivables and contract assets	14	39,426	40,238
Tax receivable		1,495	2,717
Withholding tax debtor		271	1,172
Other receivables	15	4,072	5,482
Total current assets		99,758	74,698
<b>Current liabilities</b>			
Trade and other payables	17	(92,978)	(49,773)
Contract liabilities		(11,587)	(10,437)
Lease liabilities	18	(1,048)	(1,602)
Provision for contingent consideration	19	(6,793)	(3,500)
Bank borrowings	20	-	(4,006)
Tax payable		(507)	-
Total current liabilities		(112,913)	(69,318)
<b>Net current (liabilities)/assets</b>		(13,155)	5,380
<b>Non-current liabilities</b>			
Lease liabilities	18	(227)	(1,231)
Provision for contingent consideration	19	-	(4,924)
Bank borrowings	20	-	(42,741)
Provision for defined benefit gratuity plan	21	(1,243)	(1,299)
Deferred tax liabilities	22	(7,180)	(7,121)
Total non-current liabilities		(8,650)	(57,316)
<b>Net assets</b>		97,071	78,731
<b>Equity attributable to the owners of the parent company</b>			
Share capital	23	9,278	7,479
Share premium	23	68,826	27,555
Translation reserve	23	(6,085)	(134)
Share-based payment reserve	23	6,256	8,660
Capital restructuring reserve	23	(29,040)	(29,040)
Retained earnings	23	48,098	64,207
Equity attributable to the owners of the parent company		97,333	78,727
Non-controlling interest		(262)	4
<b>Total equity</b>		97,071	78,731

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

The financial statements of IMImobile Limited (Company number: 08802718) were approved by the Board and authorised for issue on 23 December 2021. Signed on behalf of the Board



Mike Jefferies  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital £000	Share premium £000	Translation reserve £000	Share-based payment reserve £000	Capital restructuring reserve £000	Retained earnings £000	Total equity attributable to shareholders of the parent company £000	Non-controlling interest £000	Total equity £000
<b>Balance at 1 April 2019</b>	6,671	6,666	1,475	12,540	(29,040)	62,000	60,312	(192)	60,120
Profit for the year	-	-	-	-	-	1,972	1,972	56	2,028
Foreign exchange differences	-	-	(1,609)	-	-	-	(1,609)	140	(1,469)
Net actuarial losses recognised on defined gratuity plan	-	-	-	-	-	(145)	(145)	-	(145)
Credit to equity for share-based payments (note 24)	-	-	-	2,319	-	-	2,319	-	2,319
Proceeds from share issue, including share options exercised, net of expenses	792	20,391	-	(738)	-	-	20,445	-	20,445
Debit to share-based payment reserve	-	-	-	(5,461)	-	-	(5,461)	-	(5,461)
Deferred tax on share-based payments	-	-	-	-	-	45	45	-	45
Tax relief on exercised share-based payments	-	-	-	-	-	335	335	-	335
Issue of shares as part of acquisition	16	498	-	-	-	-	514	-	514
<b>Balance at 31 March 2020</b>	7,479	27,555	(134)	8,660	(29,040)	64,207	78,727	4	78,731
Loss for the year	-	-	-	-	-	(15,976)	(15,976)	(15)	(15,991)
Foreign exchange differences	-	-	(5,951)	-	-	-	(5,951)	(76)	(6,027)
Net actuarial gains recognised on defined gratuity plan	-	-	-	-	-	79	79	-	79
Credit to equity for share-based payments (note 24)	-	-	-	3,921	-	-	3,921	-	3,921
Proceeds from share options exercised (note 25)	1,799	41,271	-	(6,325)	-	-	36,745	-	36,745
Deferred tax on share-based payments	-	-	-	-	-	(212)	(212)	-	(212)
Dividends paid	-	-	-	-	-	-	-	(175)	(175)
<b>Balance at 31 March 2021</b>	9,278	68,826	(6,085)	6,256	(29,040)	48,098	97,333	(262)	97,071

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

## Consolidated Cash Flow Statement

For the year ended 31 March 2021

	Notes	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Cash generated from operations</b>	25	8,948	20,875
Tax paid		(2,779)	(2,587)
<b>Net cash from operating activities</b>		<u>6,169</u>	<u>18,288</u>
<b>Investing activities</b>			
Interest received		260	33
Purchase of intangible assets		(6,292)	(6,248)
Purchase of property, plant & equipment		(1,064)	(657)
Acquisition of subsidiary net of cash acquired		-	(35,673)
Contingent consideration as part of Rostrvm acquisition	19	(750)	-
Contingent consideration as part of Infracast acquisition		-	(4,947)
Contingent consideration as part of Healthcare acquisition		-	(1,750)
<b>Net cash used in investing activities</b>		<u>(7,846)</u>	<u>(49,242)</u>
<b>Financing activities</b>			
Principal element of lease payments	18	(1,819)	(1,429)
Bank loan received	20	-	51,276
Repayment of bank loans	20	(46,344)	(24,537)
Bank borrowing costs	20	(10)	(649)
Loan from/to related party	16	44,127	(889)
Interest paid		(984)	(1,386)
Proceeds from issuance of Ordinary shares	23	36,745	20,445
Dividends paid		(175)	-
<b>Net cash generated by financing activities</b>		<u>31,540</u>	<u>42,831</u>
<b>Net increase in cash and cash equivalents</b>		<u>29,863</u>	<u>11,877</u>
<b>Cash and cash equivalents at beginning of the year</b>		25,089	13,247
Effect of foreign exchange rate changes		(458)	(35)
<b>Cash and cash equivalents at end of the year</b>	13	<u>54,494</u>	<u>25,089</u>

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

## Notes to the consolidated financial statements

For the year ended 31 March 2021

### 1. Basis of preparation

The financial information contained in the consolidated financial statements for the years ended 31 March 2020 and 2021 has been prepared applying the recognition and measurement principles set out in International Financial Reporting Standards in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements of IMImobile Limited and its subsidiaries, hereafter referred to as "the Group", are prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities, and in accordance with the UK Companies Act 2006. The preparation of the consolidated 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.

#### General information

IMImobile Limited is a company limited by shares, incorporated and domiciled in England and Wales (registration number 08802718). The registered address of the Company is 5 St John's Lane, London, EC1M 4BH, United Kingdom.

Following completion of the acquisition by Cisco, IMImobile PLC delisted from AIM and was renamed IMImobile Limited.

#### Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report.

At 31 March 2021 the Group had net assets of £97.1 million including £54.5 million of cash and cash equivalents (31 March 2020: net assets of £78.7 million including £25.1 million of cash and cash equivalents).

In determining whether the consolidated financial statements should be prepared on the going concern basis, the Directors considered the Company's and the Group's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and the principal risks and uncertainties relating to its business activities.

The COVID-19 pandemic has had wide ranging impacts on the Global economy and the impact on the Group's customers, suppliers, employees and operations is considered in the Strategic Report on page 4.

Based on cash flow forecasts which take into account the Directors' best estimate of current sales orders and opportunities, expenditure forecasts as well as the Group's current cash balance and support from Cisco following acquisition, the Directors consider it appropriate to prepare the Company's financial statements on the going concern basis.

#### Adoption of new and revised International Financial Reporting Standards ("IFRSs")

##### *New and amended standards adopted by the Group*

There have been no new or amended standards adopted by the Group during the year.

##### *New standards and interpretations not yet adopted*

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 2. Accounting policies

The principal accounting policies set out below have been applied consistently by the Group entities:

#### 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.

#### Entities included under common control

The following entities are considered to be under the control of the Group and therefore have been included in the consolidated financial statements for the years ended 31 March 2020 and 2021:

Name of entity	Functional currency	Principal activities	% of share class held by the Group as at 31 March:		Share / Stock class
			2021	2020	
<b>United Kingdom</b> (5 St John's Lane, London, EC1M 4BH)					
IMImobile Europe Limited	GBP	(1)	100%	100%	Ordinary
Tap2Bill Limited	GBP	(3)	100%	100%	Ordinary
Textlocal Limited	GBP	(1)	100%	100%	Ordinary
Textlocal Limited	GBP	Dormant	100%	100%	Ordinary
Chilli Digital Europe Limited	GBP	(2)	100%	100%	Ordinary
IMImobile Software Limited	GBP	Non-trading	100%	100%	Ordinary
IMImobile International Limited	GBP	Non-trading	100%	100%	Ordinary
IMImobile SAT Limited	GBP	Dormant	85%	85%	Ordinary
IMImobile Holdings Limited	GBP	Dormant	100%	100%	Ordinary
Healthcare Communications UK Limited	GBP	(1)	100%	100%	Ordinary
IMImobile African Holdings Limited	ZAR	Non-trading	100%	100%	Ordinary
IMImobile South Africa 1 Limited	ZAR	Non-trading	75%*	76%	Ordinary
IMImobile South Africa 2 Limited	ZAR	Non-trading	100%	100%	Ordinary
IMImobile Intelligent Networks Limited	GBP	(1)	100%	100%	Ordinary
Rostrum Solutions Limited	GBP	(1)	100%	100%	Ordinary
Rostrum Solutions Limited	GBP	Dormant	100%	100%	Ordinary
<b>USA</b> (750 Park of Commerce Blvd., Ste. 400 Boca Raton, FL 33487, USA)					
3Cinteractive Corp.	USD	(1) & (3)	100%	100%	Common
<b>USA</b> (c/o Hahn & Hahn LLP, 9th Floor, 301 East Colorado Boulevard, Pasadena, California 91101-1977, USA)					
IMImobile, Inc.	USD	(1)	100%	100%	Common
Impact Mobile USA, Inc.	USD	(1)	100%	100%	Common
<b>USA</b> (201 E Markham St, Little Rock, AR 72201, USA)					
IMImobile North America, Inc.	USD	(1)	100%	100%	Common
<b>Canada</b> (Suite 400, 60 Adelaide St. East, Toronto, ON, M5C 3E4, Canada)					
IMImobile Canada Inc.	CAD	(1)	100%	100%	Common
<b>UAE</b> (P.O. Box 293593, Office # 624, Building 5EA, Dubai Airport Free Zone, Dubai)					
IMI Mobile VAS Limited FZE	AED	(1) & (2)	100%	100%	Ordinary
IMImobile Limited FZE	AED	(1) & (2)	100%	100%	Ordinary
<b>South Africa</b> (Clearwater Office Park, Building no. 3, Corner Christiaan De Wet and Millennium Boulevard, Strubensvalley, Roodepoort, South Africa)					
IMImobile South Africa Pty Limited	ZAR	(1)	69%*	70%	Ordinary
Ukhozi Digital Pty Limited	ZAR	Non-trading	39%*	40%	Ordinary
<b>Nigeria</b> (2nd Floor, No 32, Shiro Street, Fadeyi - Yaba, Lagos State, Nigeria)					
IMI Mobile VAS Nigeria Limited	NGN	(2)	100%	100%	Ordinary
<b>Nigeria</b> (32 Adegbola Street, PO BOX 6920, Ikeja, Lagos, Anifowose, Lagos, Nigeria)					
Skinkers Nigeria Private Limited	NGN	Non-trading	100%	100%	Ordinary
<b>Tunisia</b> (Regus, Tunis Berges du Lac Business Center, Immeuble "Slim", 2eme Etage, Rue de l'Euro, Les Berges du Lac 2, 1053 - Tunis, Tunisia)					
IMImobile VAS Tunisia Limited	TND	(1) & (2)	100%	100%	Ordinary
<b>Ghana</b> (H No F486, Nyaniba Estate, Accra, Greater Accra, PO Box 14310, Accra, Ghana)					
IMImobile Ghana Limited	GHC	Non-trading	77%	77%	Ordinary
<b>British Virgin Islands</b> (Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands)					
Lenco International Limited	ZAR	Non-trading	80%*	81%	Ordinary
Lenco Technology Group Limited	ZAR	(1)	80%*	81%	Ordinary
<b>India</b> (Plot No. 770, Road No. 44, Jubilee Hills, Hyderabad - 500 033, India)					
IMI Mobile Private Limited	INR	(1) & (2)	100%	100%	Ordinary
IMImobile Cloud Communications (India) Private Limited **	INR	(1)	100%	-	Ordinary
<b>Bangladesh</b> (House No: 13, A-5 (5th floor), Road No: 113/A, Gulshan, Dhaka, Bangladesh)					
IMI Mobile VAS Limited	BDT	(1) & (2)	100%	100%	Ordinary
<b>Sri Lanka</b> (No: 94/1, Dharmapala Mawatha, Colombo 07, Sri Lanka)					
IMI Mobile VAS Private Limited	LKR	(2)	100%	100%	Ordinary
<b>Nepal</b> (124, Lal Colony Marg, Lal Durbar, Kathmandu, Nepal)					
IMI Mobile Nepal Private Limited	NPR	(1) & (2)	100%	100%	Ordinary
<b>Myanmar</b> (R-1006, 10th Floor - Business Suites, Myanmar Center Tower 2, 192 Kaba Aye Pagoda Road, Bahan Township, Yangon, Myanmar)					
IMImobile VAS Myanmar Limited	MMK	(1) & (2)	100%	100%	Ordinary

(1) Communications software and solutions

(2) Value added services solutions

(3) Mobile payments

\* the change in ownership during the year resulted in an increase in equity attributable to owners of the parent company of £1,000

\*\* incorporated in the year

The following subsidiaries within the consolidated financial statements have taken advantage of the audit exemption provisions under section 479A of Companies Act 2006 in relation to their annual accounts for the year ended 31 March 2021:

Name of entity	Registered number	Name of entity	Registered number
IMImobile Europe Limited	04833052	IMImobile Intelligent Networks Limited	04163740
Tap2Bill Limited	03212199	Healthcare Communications UK Limited	04084131
Txlocal Limited	05578161	IMImobile African Holdings Limited	09632399
Chilli Digital Europe Limited	08123133	IMImobile South Africa 1 Limited	09634021
IMImobile Software Limited	04120457	IMImobile South Africa 2 Limited	09633868
IMImobile International Limited	05175576	Rostrvm Solutions Limited	04246427

#### Foreign currencies

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in UK Pounds Sterling ("the presentational currency").

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on financial assets are included in other comprehensive income.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- equity items other than retained earnings have been translated at historical rates in line with IAS 21;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill arising on the acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing rate.

#### Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The CODM considers results principally by operating division split between services sold on cloud communication products and operator VAS and mobile payment services, which are further split by geographical region. This forms the Group's operating and reporting 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 operating costs are shared across regions, results from gross profit to adjusted EBITDA are assessed between services sold on cloud communication products, operator VAS and mobile payment services, and central adjusted operating costs. Results from adjusted EBITDA to profit after tax are assessed on a consolidated basis only in the current year.

The Group does not regularly provide information in relation to the assets or liabilities of operating segments to management.

#### Revenue recognition

Revenue is recognised in accordance with the requirements of IFRS 15 *Revenue from Contracts with Customers*. The Group recognises revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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 (such as a perpetual license together with a period of 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. Amounts incurred but not yet billed are classified as contract assets. Revenues are typically billed up to 60 days after month end and classified as contract assets until this point.

#### *Monthly recurring revenue*

Revenues from hosting and for access to the Group's cloud-based communications and CPaaS software, including the use of shortcodes to run the service, form a single performance obligation and is recognised over the period of the contract as the customer simultaneously receives and consumes 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 content sale or message delivery is generated.

Revenue generated from the provision of professional services to manage software applications for customers are recognised pro-rata over the period the services are provided.

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 acts as principal and controls the right to perform the service and successfully deliver the messages at a point in time.

The Group acts as agent when providing carrier billing or payments made via mobile devices services so revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Revenue recognised within turnover relate only to the commission earned on hosting each service and are recognised at the point the message or content is delivered to the end user. 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 set the price charged to the end user.

#### *Non-recurring 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 customer is able to use the service for its intended purpose. The Group assesses whether ongoing contractual obligations, such as annual maintenance charges, represent a performance obligation that is distinct from the license. 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.

Non-recurring professional service revenues relate to one-time configuration, setup and change requests and are recognised at the point the customer is able to use the service for its intended purpose, or upon completion of designated milestones where the Group has an enforceable right to payment.

#### **Interest income**

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount can be reliably measured. Interest income is accrued on a time basis by reference to the principal outstanding.

#### **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.

Goodwill acquired in a business combination is allocated to each cash generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs 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.

#### **Other intangible assets**

##### **(a) Assets acquired as part of a business combination**

Trade names, customer relationships and software acquired as part of acquisitions are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. These costs are amortised over their estimated useful lives of 5 to 7 years.

##### **(b) Capitalised development costs**

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Interest costs are not capitalised.

Software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 7 years.

(c) Other intangible assets

*Trademarks and licenses*

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of up to 10 years.

*Software licenses*

Software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

**Impairment of assets**

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill for each CGU 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.

Other intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement.

**Property, plant and equipment and right-of-use assets**

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Opening right-of-use assets are measured as equal to the lease liability.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Projects under which assets are not ready for their intended use are carried at cost and are only depreciated once they are ready for use.

When assets are sold, their cost and accumulated depreciation are eliminated and any gain or loss resulting from their disposal is included in the consolidated income statement.

Depreciation is computed on a straight-line basis over the estimated useful lives of operational assets. The estimated useful lives by class of asset are as follows:

Computers and servers	3-6 years
Office equipment	2-5 years
Furniture & fixtures	2-10 years
Vehicles	8 years
Leasehold improvements	Lower of estimated useful life and lease term
Right-of-use assets	Lease term

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

*Classification of financial assets*

Cash and cash equivalents, trade receivables and contract assets, tax receivables, other receivables (excluding prepayments) and withholding tax debtors are initially recognised at fair value and subsequently at amortised cost using the effective interest method less any allowance for expected credit losses.



#### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade receivables and contract assets. It is the Group's policy to minimise its credit risk exposure. This includes undertaking careful due diligence of new customers and getting full or part payment in advance of providing services where credit risk is considered higher. The Group regularly reviews existing customers on an individual basis for changes in the credit quality of trade receivables and contract assets from the date the receivable was created to the date the balance is settled.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets and amounts due from related parties. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

To measure the expected credit losses, trade receivables and contract assets have been grouped together based on shared credit risk characteristics and the days past due. The group has deemed that the contract assets balance has substantially the same risk characteristics as trade receivables and has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The ECL is calculated through assessing the probability of the non-payment of the customer, this probability is then multiplied by the amount of the expected loss arising from default to determine the expected credit loss for the trade receivables and contract assets. If a balance is confirmed as not be collectable, the gross carrying value of the asset is written off against the associated provision.

#### *Disposal groups held for sale*

Disposal groups are held for sale where their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of cost and fair value less costs to sell.

#### *Derecognition of financial assets*

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise bank balances, cash on hand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. All cash and cash equivalents are measured at amortised cost. The Group discloses cash on a net basis where it has the right to offset.

#### *Financial liabilities and equity*

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

Provisions for contingent consideration and defined benefit gratuity plan are measured at fair value through profit and loss (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, such as a derivative instrument, or if it has been designated as such upon initial recognition, with net gains and losses, including interest expenses, recognised in profit or loss.

Trade and other payables, lease liabilities and bank borrowings are measured subsequently at amortised cost using the effective interest method. Bank borrowing costs are capitalised as incurred and amortised over the period of the loan.

Interest expenses and exchange rate gains and losses are recognised in profit or loss. Gains or losses in connection with derecognition are also recognised in profit or loss.

#### **Employee benefits**

##### *Defined benefit gratuity plan*

The Group has a post-employment unfunded gratuity plan in place for all IMI Mobile Private Limited employees ("defined benefit gratuity plan"). An employee who has completed five years of service is entitled to a cash bonus calculated as a fraction of the employee's last drawn salary multiplied by the number of completed years of service, capped at INR 2,000,000.

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to other comprehensive income in the period in which they arise.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation and the related current service cost and, where applicable, past service cost.

These obligations are valued periodically by independent qualified actuaries.

#### *Defined contribution plan*

The Group operates defined contribution plans for certain employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. These contributions are expensed in the period they are incurred.

#### *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 in the income statement with a corresponding increase in equity. The total amount to be expensed is measured at the grant date by reference to the fair value of the options granted measured using the Black-Scholes option valuation model:

- 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 and the employees become unconditionally entitled to the options.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on expected leavers and estimated achievement for 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 included in the share-based payment charge except where they are payable by the employee.

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.

Accounting policies adopted in relation to the valuation of specific acquisition related contingent consideration and put/call options are provided in note 24.

#### **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.

#### **Taxation**

The Group's tax charge is the sum of total current and deferred tax charges.

##### *Current tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The recognition of deferred tax assets is determined by reference to the Group's estimate of recoverability, using models where appropriate to forecast future taxable profits. Deferred tax assets have only been recognised for territories where the Group considers that it is probable there would be sufficient taxable profits for the future deductions to be utilised. If it is probable that some portion of these assets will not be realised, then no asset is recognised in relation to that portion.

The carrying amount is reviewed at each balance sheet date. If market conditions improve and future results of operations exceed our current expectations, our existing recognised deferred tax assets may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate or future results of operations are less than expected, future assessments may result in a determination that some or all of the deferred tax assets are not realisable. As a result, all or a portion of the deferred tax assets may need to be reversed.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### 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

##### *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 £14,465,000 (2020: £23,828,000) 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 would need to decrease as follows before impairment would be required:

	Cash flow growth rate:	
	Used in impairment review	At which impairment would be required
Europe large enterprise	21%	(29%)
Textlocal	16%	(44%)
Healthcare	57%	(21%)
South Africa	22%	(22%)
North America	11%	(16%)

The long-term growth rate for North America would need to be (21%) in the current year to cause an impairment. For all other CGUs a change in long term growth rates is not deemed to be reasonably possible to cause an impairment in either year.

##### *Taxation including deferred taxation*

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. Deferred tax assets relating to losses and other timing differences of £8,135,000 (2020: £2,781,000) have not been recognised (see note 22). Of this balance, management consider there to be particular uncertainty over the range of £nil to £700,000 (2020: £nil to £783,000) relating to the estimation of forecast future taxable income in IMI Mobile Private Limited.

As at 31 March 2021 the carrying amount of deferred tax assets was £179,000 (2020: £724,000) and the carrying amount of deferred tax liabilities was £7,180,000 (2020: £7,121,000).

The accounting policies in relation to these items are disclosed in notes 1 and 2.

#### 4. Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging:

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Depreciation of property, plant and equipment	3,942	3,380
Amortisation of intangible assets	3,472	2,257
Amortisation of intangible assets added on acquisition	6,402	5,340
Operating lease rentals	172	267
Staff costs (note 6 - including share-based payment charge)	49,096	35,449
Acquisition costs (note 9)	12,027	3,838
Restructuring costs (note 9)	775	-
Loss on disposal of PPE and intangible assets	471	17
Impairment of trade receivables	1,330	2,606
Foreign exchange gains	(1,566)	(797)

#### Auditors' remuneration

The analysis of the auditors' remuneration is as follows:

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Fees payable to the Group's auditors and their associates for the audit of the group's annual report and financial statements:		
- Group	362	318
- Company	27	27
Total fees	389	345

5. *Operating segments*

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

	Europe £000	Americas £000	APAC £000	MEA £000	Total £000
<b>Year ended 31 March 2021</b>					
Revenue					
Cloud communication products	89,216	38,559	6,826	8,114	142,715
Operator VAS and mobile payments	2,656	742	8,075	3,250	14,723
<b>Total revenue</b>	<b>91,872</b>	<b>39,301</b>	<b>14,901</b>	<b>11,364</b>	<b>157,438</b>
Gross profit					
Cloud communication products	37,077	26,221	3,200	5,015	71,513
Operator VAS and mobile payments	1,159	580	4,319	2,752	8,810
<b>Total gross profit</b>	<b>38,236</b>	<b>26,801</b>	<b>7,519</b>	<b>7,767</b>	<b>80,323</b>
Adjusted operating costs (note 9)					
Cloud communication products					(47,905)
Operator VAS and mobile payments					(8,795)
Central					(1,990)
<b>Total adjusted operating costs</b>					<b>(58,690)</b>
Adjusted EBITDA (note 9)					
Cloud communication products					23,608
Operator VAS and mobile payments					15
Central					(1,990)
<b>Total adjusted EBITDA</b>					<b>21,633</b>
Depreciation and amortisation					(13,816)
Share-based payment charge					(4,810)
Acquisition costs					(12,027)
Restructuring costs					(775)
Operating loss					(9,795)
Finance income					287
Finance cost					(1,773)
<b>Loss before tax</b>					<b>(11,281)</b>
Tax					(4,710)
<b>Loss after tax</b>					<b>(15,991)</b>

	Europe £000	Americas £000	APAC £000	MEA £000	Total £000
<b>Year ended 31 March 2020</b>					
Revenue					
Cloud communication products	107,001	25,787	8,844	9,250	150,882
Operator VAS and mobile payments	4,535	1,281	9,163	5,326	20,305
<b>Total revenue</b>	<b>111,536</b>	<b>27,068</b>	<b>18,007</b>	<b>14,576</b>	<b>171,187</b>
Gross profit					
Cloud communication products	37,760	18,364	4,012	4,386	64,522
Operator VAS and mobile payments	2,600	1,069	6,012	4,904	14,585
<b>Total gross profit</b>	<b>40,360</b>	<b>19,433</b>	<b>10,024</b>	<b>9,290</b>	<b>79,107</b>
Adjusted operating costs (note 9)					
Cloud communication products					(41,767)
Operator VAS and mobile payments					(13,499)
Central					(2,244)
<b>Total adjusted operating costs</b>					<b>(57,510)</b>
Adjusted EBITDA (note 9)					
Cloud communication products					22,755
Operator VAS and mobile payments					1,086
Central					(2,244)
<b>Total adjusted EBITDA</b>					<b>21,597</b>
Depreciation and amortisation					(10,977)
Share-based payment charge					(2,172)
Acquisition costs					(3,838)
<b>Operating profit</b>					<b>4,610</b>
Finance income					145
Finance cost					(1,625)
<b>Profit before tax</b>					<b>3,130</b>
Tax					(1,102)
<b>Profit after tax</b>					<b>2,028</b>

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

	Revenue £000	Revenue % of total	Gross profit £000	Gross profit % of total
<b>Year ended 31 March 2021</b>				
Customer A	7,040	4%	6,668	8%
Customer B	10,146	6%	4,538	6%
Customer C	6,663	4%	2,292	3%
Customer D	6,273	4%	2,235	3%
Customer E	2,229	1%	2,140	3%
<b>Year ended 31 March 2020</b>				
Customer A	3,879	2%	3,516	4%
Customer B	28,656	17%	5,150	7%
Customer C	7,925	5%	2,807	4%
Customer D	4,573	3%	1,767	2%
Customer F	1,847	1%	1,778	2%

## Revenue

The Group derives its revenue from contracts with customers for the transfer of services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed above for each reportable segment under IFRS 8 *Operating Segments*.

		Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Disaggregation of revenue:</b>			
<b>MRR</b>			
- monthly hosting, access and shortcode fees	Over time	34,944	25,158
- revenue share and usage	Point in time	112,140	135,272
- professional services	Point in time	971	1,787
<b>NRR</b>			
- perpetual licenses	Point in time	404	1,318
- professional services	Point in time	8,979	7,652
		<u>157,438</u>	<u>171,187</u>

During the year the Group recognised revenue of £10,020,000 (2020: £8,355,000) related to contract liabilities carried-forward from the prior year. No revenue was recognised in the either year from performance obligations satisfied (or partially satisfied) in prior years. All remaining performance obligations are comprised of contract liabilities of £11,587,000 at 31 March 2021 (2020: £10,437,000).

## Additional voluntary disclosures

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 reviewing operating division and geographical performance, the Chief Operating Decision Maker also considers the performance of the Group in line with its revenue model, as disclosed in note 2.

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

	MRR £000	NRR £000	Total £000
<b>Year ended 31 March 2021</b>			
<b>Revenue</b>			
Cloud communication products	135,242	7,473	142,715
Operator VAS and mobile payments	12,813	1,910	14,723
<b>Total revenue</b>	<u>148,055</u>	<u>9,383</u>	<u>157,438</u>
<b>Gross profit</b>			
Cloud communication products	64,596	6,917	71,513
Operator VAS and mobile payments	7,117	1,693	8,810
<b>Total gross profit</b>	<u>71,713</u>	<u>8,610</u>	<u>80,323</u>
<b>Year ended 31 March 2020</b>			
<b>Revenue</b>			
Cloud communication products	144,347	6,535	150,882
Operator VAS and mobile payments	17,870	2,435	20,305
<b>Total revenue</b>	<u>162,217</u>	<u>8,970</u>	<u>171,187</u>
<b>Gross profit</b>			
Cloud communication products	58,131	6,391	64,522
Operator VAS and mobile payments	12,717	1,868	14,585
<b>Total gross profit</b>	<u>70,848</u>	<u>8,259</u>	<u>79,107</u>

6. **Employee benefits**

**Staff costs for the Group during the year:**

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Gross wages and salaries	47,539	36,437
Less capitalised development costs (note 11)	(6,116)	(5,530)
Social security and taxes	2,893	2,558
Share-based payment charge on options granted to Directors and employees (note 24)	3,921	1,284
Pension costs – Defined benefit gratuity plan (note 21)	121	105
Pension costs – Defined contribution plan	738	595
	<u>49,096</u>	<u>35,449</u>

**Average monthly number of people employed:**

	Year ended 31 March 2021 Number	Year ended 31 March 2020 Number
Sales and Managed solutions	222	196
Development and Product Management	415	401
Operations and Technical Support	437	383
Common Functions	143	134
	<u>1,217</u>	<u>1,114</u>

**Director emoluments**

The emoluments of the Directors of the Company were as follows:

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Basic salary	761	790
Cash bonus	-	25
Pension	24	24
Gain on exercise of share options	28,365	-
	<u>29,150</u>	<u>839</u>

The highest paid director's emoluments were as follows:

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Basic salary	82	300
Cash bonus	-	-
Pension	-	14
Gain on exercise of share options	13,652	-
	<u>13,734</u>	<u>314</u>



7. Finance income and finance cost

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Finance income</b>		
Interest income on cash and cash equivalents	18	33
Interest income on loans to related party (note 16)	13	112
Interest income on tax receivable	117	-
Other interest income relating to contingent consideration arising on acquisition of Rostvm (note 19)	139	-
	<u>287</u>	<u>145</u>
<b>Finance cost</b>		
Interest on defined gratuity plan (note 21)	(70)	(63)
Bank loan interest expense	(983)	(1,277)
Amortisation of capitalised bank borrowings costs (note 20)	(591)	(185)
Interest in relation to lease liabilities (note 18)	(94)	(100)
Other interest cost	(35)	-
	<u>(1,773)</u>	<u>(1,625)</u>

8. Tax

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Current tax</b>		
UK tax expense	-	394
India tax expense	180	-
Other foreign tax expense	1,100	1,044
Withholding tax expense	2,897	753
Adjustments in respect of prior periods	141	(199)
	<u>4,318</u>	<u>1,992</u>
<b>Deferred tax (note 22)</b>		
Current year	(71)	(553)
Adjustments in respect of prior periods	463	(337)
	<u>392</u>	<u>(890)</u>
<b>Total tax charge</b>	<u>4,710</u>	<u>1,102</u>

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

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
(Loss) / profit before tax	(11,281)	3,130
Tax at the UK corporation tax rate of 19% (2020: 19%)	(2,143)	595
Effect of overseas tax rates	2,860	258
Share-based payment charge not deductible for tax purposes	(3,415)	413
Other expenses not deductible / (income not taxable)	1,392	(222)
Temporary differences on which deferred tax not recognised	5,412	583
Effect of change in UK tax rate	-	11
Adjustments in respect of previous years	604	(536)
<b>Total tax charged in the income statement</b>	<u>4,710</u>	<u>1,102</u>

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 main rate of UK corporation tax in the period was 19%. In March 2020, the Chancellor announced that the planned reduction in the corporation tax rate to 17% from 1 April 2020 would no longer take place, and the rate would remain at 19% going forwards. Following a Budget resolution on 17 March 2020, the 19% rate was substantively enacted. Accordingly, UK deferred balances have been recognised at 19% in the period. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The Finance Act 2021 was enacted on 10 June 2021. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these

financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the year by £946,000 and to increase the deferred tax liability by the same amount.

## 9. Adjusted performance measures

A number of adjusted performance measures are used in this annual report and financial statements which are not defined or specified under the requirements of International Financial Reporting Standards (IFRS). Adjusting items are excluded from our headline performance measures by virtue of their size and nature, in order to reflect management's view of the performance of the Group and facilitate the reader to compare performance against prior years more easily.

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.

In particular, the Group presents on the face of the income statement those material items of expenditure which, because of their nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand the elements of financial performance in the period. The measures used are adjusted EBITDA, adjusted operating profit, adjusted profit before tax, adjusted profit after tax, adjusted diluted EPS and adjusted cash generated from operations.

Summarised below is a reconciliation from statutory results to adjusted results.

	Statutory results £000	A £000	B £000	C £000	D £000	Adjusted results £000
Year ended: 31 March 2021						
Revenue	157,438	-	-	-	-	157,438
Gross profit	80,323	-	-	-	-	80,323
Operating costs	(90,118)	4,810	12,027	775	6,402	(66,104)
Operating profit	(9,795)	4,810	12,027	775	6,402	14,219
Profit before tax	(11,281)	4,810	12,501	775	6,402	13,207
Tax	(4,710)	2,906	(51)	-	(1,216)	(3,071)
Loss/profit after tax	(15,991)	7,716	12,450	775	5,186	10,136
EBITDA <sup>1</sup>	4,021	4,810	12,027	775	-	21,633
Cash generated from operations	8,948	-	11,067	775	-	20,790
	Statutory results £000	A £000	B £000	C £000	D £000	Adjusted Results £000
31 March 2020						
Revenue	171,187	-	-	-	-	171,187
Gross profit	79,107	-	-	-	-	79,107
Operating costs	(74,497)	2,172	3,838	-	5,340	(63,147)
Operating profit	4,610	2,172	3,838	-	5,340	15,960
Profit before tax	3,130	2,172	3,943	-	5,340	14,585
Tax	(1,102)	290	(634)	-	(867)	(2,313)
Profit after tax	2,028	2,462	3,309	-	4,473	12,272
EBITDA <sup>1</sup>	15,587	2,172	3,838	-	-	21,597
Cash generated from operations	20,875	-	3,096	-	-	23,971

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

### A Share-based payment charge net of tax

- Nil (2020: £1,035,000) relates to contingent consideration arising from acquisition activities
- £889,000 (2020: £147,000 credit) relates to put options on acquisitions
- £1,193,000 (2020: £223,000) relates to employee share schemes granted as part of the Group's listing in June 2014
- £434,000 (2020: £183,000) relates to employee share schemes granted as a means of retention for key employees joining the Group as a result of an acquisition
- £5,200,000 (2020: £1,168,000) 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 of £3,403,000 directly relating to acquisitions made by the Group including retention bonuses payable to key management personnel of the acquired entity agreed at the time of acquisition. This year there are also costs of

<sup>1</sup> Unadjusted EBITDA is operating profit plus depreciation and amortisation.

£10,540,000 relating to the acquisition of the Group by Cisco, comprising legal fees, bonuses to the senior management team and early settlement of debt.

- C Restructuring costs, comprising redundancy costs resulting from management's review of the VAS business unit.
- D 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.

#### 10. 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, all of which relate to the cloud communication products operating division:

	Opening £000	Combination of CGUs £000	Additions £000	Foreign exchange movement £000	Closing £000
<b>31 March 2021</b>					
Europe large enterprise	15,013	-	-	-	15,013
Textlocal	10,073	-	-	-	10,073
Healthcare	6,382	-	-	-	6,382
South Africa	1,932	-	-	90	2,022
North America	36,628	-	-	(2,339)	34,289
<b>Total</b>	<b>70,028</b>	<b>-</b>	<b>-</b>	<b>(2,249)</b>	<b>67,779</b>
	Opening £000	Combination of CGUs £000	Additions £000	Foreign exchange movement £000	Closing £000
<b>31 March 2020</b>					
Europe large enterprise	7,861	4,880	2,272	-	15,013
Textlocal	10,073	-	-	-	10,073
Infracast	4,880	(4,880)	-	-	-
Healthcare	6,382	-	-	-	6,382
South Africa (previously Archer)	2,242	-	-	(310)	1,932
North America	-	12,199	24,800	(371)	36,628
Sumotext	1,851	(1,851)	-	-	-
Impact Mobile	10,145	(10,145)	-	-	-
ExpressPigeon	203	(203)	-	-	-
<b>Total</b>	<b>43,637</b>	<b>-</b>	<b>27,072</b>	<b>(681)</b>	<b>70,028</b>

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 based on a long term growth rate of 1% (2020: 2%), this does not exceed the long term average growth rate for the market in which the CGUs operate. 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	Discount rate	Headroom £'000
<b>At 31 March 2021</b>			
Europe large enterprise	21%	6.2%	160,057
Textlocal	16%	6.2%	75,800
Healthcare	57%	6.2%	91,884
South Africa	22%	16.6%	3,854
North America	11%	7.2%	88,694

At 31 March 2020	Cash flow growth rate	Discount rate	Headroom £'000
Europe large enterprise	24%	4.1%	531,033
Textlocal	20%	4.1%	159,750
Healthcare	16%	4.1%	61,000
South Africa	34%	12.1%	6,354
North America	14%	4.6%	160,747

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.

*Cash flow growth rate*

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.

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 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.

**Sensitivity analysis**

The principal variables used across the cash-generating units would need to change to the following levels before impairment would be required:

At 31 March 2021	Cash flow growth rate	Discount rate
Europe large enterprise	(29%)	26%
Textlocal	(44%)	42%
Healthcare	(21%)	36%
South Africa	(22%)	49%
North America	(16%)	15%

At 31 March 2020	Cash flow growth rate	Discount rate
Europe large enterprise	(7%)	26%
Textlocal	(45%)	30%
Healthcare	(30%)	15%
South Africa	(17%)	30%
North America	(16%)	10%

The long-term growth rate for North America would need to be (21%) in the current year to cause an impairment. For all other CGUs a change in long term growth rates is not deemed to be reasonably possible to cause an impairment in either year.

**11. Other intangible assets**

Cost	Trade name £000	Customer relationships £000	Capitalised development costs £000	Software £000	Trademarks and licenses £000	Total £000
<b>At 1 April 2019</b>	<b>1,322</b>	<b>17,079</b>	<b>14,144</b>	<b>5,614</b>	<b>1,831</b>	<b>39,990</b>
Additions	-	-	434	244	40	718
Internally generated	-	-	5,530	-	-	5,530
On acquisition	1,557	16,466	-	7,235	99	25,357
Disposals	-	-	-	-	(414)	(414)
Exchange differences	(14)	(137)	6	(46)	37	(154)
<b>At 31 March 2020</b>	<b>2,865</b>	<b>33,408</b>	<b>20,114</b>	<b>13,047</b>	<b>1,593</b>	<b>71,027</b>
Additions	-	-	-	176	-	176
Disposals	-	(241)	-	(1,138)	(1,468)	(2,847)
Internally generated	-	-	6,116	-	-	6,116
Exchange differences	(148)	(1,489)	(6)	(58)	(10)	(1,711)
<b>At 31 March 2021</b>	<b>2,717</b>	<b>31,678</b>	<b>26,224</b>	<b>12,027</b>	<b>115</b>	<b>72,761</b>

Accumulated amortisation and impairment	Trade name £000	Customer relationships £000	Capitalised development costs £000	Software £000	Trademarks and licenses £000	Total £000
At 1 April 2019	313	3,847	2,579	2,301	1,343	10,383
Amortisation charge	316	3,935	1,730	1,345	271	7,597
Disposals	-	-	-	-	(414)	(414)
Exchange differences	(47)	29	1	8	72	63
At 31 March 2020	582	7,811	4,310	3,654	1,272	17,629
Amortisation charge	395	4,570	3,258	1,647	4	9,874
Disposals	-	(100)	-	(463)	(1,266)	(1,829)
Exchange differences	(8)	67	(8)	(89)	2	(36)
At 31 March 2021	969	12,348	7,560	4,749	12	25,638
Carrying value:						
At 31 March 2020	2,283	25,597	15,804	9,393	321	53,398
At 31 March 2021	1,748	19,330	18,664	7,278	103	47,123

Capitalised development costs is the only category of intangible assets which are internally generated. This is the case for all assets within this category.

## 12. Property, plant, equipment and right-of-use assets

	Right-of-use Assets £000	Leasehold Improvements £000	Furniture & Fixtures £000	Office Equipment £000	Vehicles £000	Computers & Servers £000	Total £000
Cost or valuation:							
At 1 April 2019	-	2,565	700	536	232	16,565	20,598
Opening right-of-use assets	1,419	-	-	-	-	-	1,419
Re-measurement of existing lease liabilities	183	(183)	-	-	-	-	-
Additions	2,560	9	79	16	-	553	3,217
On acquisition	-	-	-	120	-	714	834
Disposal	-	-	(6)	(2)	-	(358)	(366)
Exchange differences	-	(76)	(18)	(17)	(10)	73	(48)
At 31 March 2020	4,162	2,315	755	653	222	17,547	25,654
Additions	167	13	8	-	-	876	1,064
Disposal	(1,276)	(788)	(376)	(128)	(222)	(978)	(3,768)
Exchange differences	5	2	46	(2)	-	153	204
At 31 March 2021	3,058	1,542	433	523	-	17,598	23,154

	Right-of-use Assets £000	Leasehold Improvements £000	Furniture & Fixtures £000	Office Equipment £000	Vehicles £000	Computers & Servers £000	Total £000
<b>Accumulated depreciation:</b>							
At 1 April 2019	-	1,995	529	508	74	13,145	16,251
Charge for the year	1,384	178	71	48	3	1,696	3,380
Disposal	-	-	(5)	(5)	-	(339)	(349)
Exchange differences	-	(63)	(16)	2	(2)	(66)	(145)
<b>At 31 March 2020</b>	<b>1,384</b>	<b>2,110</b>	<b>579</b>	<b>553</b>	<b>75</b>	<b>14,436</b>	<b>19,137</b>
Charge for the year	1,757	14	53	61	-	2,057	3,942
Disposal	(1,212)	(612)	(348)	(128)	(75)	(922)	(3,297)
Exchange differences	-	1	50	(22)	-	(452)	(423)
<b>At 31 March 2021</b>	<b>1,929</b>	<b>1,513</b>	<b>334</b>	<b>464</b>	<b>-</b>	<b>15,119</b>	<b>19,359</b>
<b>Net book value:</b>							
At 31 March 2020	2,778	205	176	100	147	3,111	6,517
At 31 March 2021	1,129	29	99	59	-	2,479	3,795

**13. Cash and cash equivalents**

	As at 31 March 2021 £000	As at 31 March 2020 £000
<b>Unrestricted</b>		
Cash on hand and at bank	53,904	24,883
<b>Restricted</b>		
Short-term bank deposits	590	206
<b>Cash and cash equivalents</b>	<b>54,494</b>	<b>25,089</b>

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.

**14. Trade receivables and contract assets**

	As at 31 March 2021 £000	As at 31 March 2020 £000
<b>Trade receivables</b>		
- revenue to be collected on behalf of the Group	28,388	23,748
- pass through revenues to be collected on behalf of third parties	63	22
- expected credit loss allowance	(1,554)	(829)
<b>Contract assets</b>		
- revenue to be collected on behalf of the Group	11,585	15,685
- pass through revenues to be collected on behalf of third parties	1,298	2,028
- expected credit loss allowance	(354)	(416)
<b>Trade receivables and contract assets - net</b>	<b>39,426</b>	<b>40,238</b>

Credit quality of customers is assessed by taking into account the current financial position of the customer, past experience and forward looking factors, including economic outlook. The historical level of customer default is low and, as a result, the credit quality of period end trade receivables is considered to be high. Trade receivables are considered past due once they have passed their contracted due date. The Group review trade receivables past due but not impaired on a regular basis and in determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Included in the Group's trade receivables balance are debtors with a carrying amount of £15,823,000 (2020: £11,958,000) which are past due at the reporting date, for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable. Of the total balance, £8,698,000 (2020: £4,833,000) is past due by fewer than 30 days. The average age of trade receivables and contract assets, excluding pass through revenues, is 88 days (2020: 81 days).

The decrease in contract assets is consistent with the decrease in revenue.

Movements in the allowance for expected credit losses are as follows:

	£000	£000
As at 1 April 2020/2019	1,245	893
On acquisition	-	105
Charged to the income statement	1,714	2,844
Credited to the income statement	(308)	(238)
Debts written off	(686)	(2,375)
Foreign exchange	(57)	16
<b>As at 31 March 2021/2020</b>	<b>1,908</b>	<b>1,245</b>

The movement in the expected credit loss allowance has been included in operating costs in the consolidated income statement.

The Group at the year-end held trade receivables and contract assets as follows:

	As at 31 March 2021 £000	As at 31 March 2020 £000
UK Pounds Sterling	17,865	21,017
US Dollar	10,952	8,289
Indian Rupee	5,779	4,135
Canadian Dollar	2,923	1,593
South African Rand	771	1,895
Euro	578	1,883
Other	273	164
Bangladeshi Taka	141	48
Myanmar Kyat	97	1,013
Nepalese Rupee	47	201
	<b>39,426</b>	<b>40,238</b>

#### 15. Other receivables

	As at 31 March 2021 £000	As at 31 March 2020 £000
Prepayments	2,722	3,325
Refundable deposits	631	207
Due from related parties (note 16)	-	1,032
Employee advances	-	526
Other receivables	719	392
	<b>4,072</b>	<b>5,482</b>

Employee advances primarily relate to short term loans for payment by the Group of personal tax arising where the employee has elected to retain the shares on the exercise of share options. No advances relate to Directors of the Group in the current or prior years.

#### 16. Related party transactions

The Group has entered into various transactions with related parties in the normal course of its business. Prices and terms of payment are approved by the Board. Significant related party transactions and balances are as follows:

##### Balances included in the consolidated Statement of Financial Position

	Note	As at 31 March 2021 £000	As at 31 March 2020 £000
Due from related parties	a)	-	1,032
Due to related parties	b)	43,238	-

IAS24 allows disclosure exemption of transactions between wholly owned subsidiaries that are eliminated on consolidation.

**Balances included in the consolidated income statement**

	Note	As at 31 March 2021 £000	As at 31 March 2020 £000
Amounts paid to key management personnel	c)	785	839

- a) On 11 October 2012 Mr T Newmarch, a current Director of IMImobile Europe Limited, was loaned an interest free amount totalling £52,671 by IMImobile Europe Limited. Subsequent loan repayments and exchange rate movements reduced the balance to £31,151 and this amount was outstanding at 31 March 2020. This amount was fully repaid in February 2021.

During the prior year the Group loaned \$1,100,000 (£889,000) to the management of IMImobile North America Inc, secured against the shares issued in November 2018 as consideration when the Group exercised its call option to acquire the remaining 20% share of IMImobile North America Inc. The loan has accrued interest of \$17,000 (£13,000) in the year and \$156,000 (£125,000) in total. The loan and accrued interest were fully repaid in July 2020.

- b) Following Cisco's acquisition of the Group, they settled the UK bank loan in March 2021 on its behalf resulting in a corresponding amount due to a related party. The amount due to Cisco is interest bearing at 1.1354% per annum and repayable on demand.
- c) The compensation of the Directors of the Group, considered to be key management personnel, was as follows:

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Short-term employee benefits	761	815
Post-employment benefits	24	24
	785	839

Details of Directors' remuneration are disclosed within note 6.

**17. Trade and other payables**

	As at 31 March 2021 £000	As at 31 March 2020 £000
Trade payables		
- cost of sales to be paid on behalf of the Group	16,610	21,119
- pass through revenues to be paid to third parties	1,387	3,141
Accrued expenses		
- cost of sales to be paid on behalf of the Group	17,935	16,952
- pass through revenues to be paid to third parties	1,890	1,275
Due to related parties (note 16)	43,238	-
Put option on acquisitions (note 24)	1,755	866
VAT payable	2,180	2,969
RDEC deferred income	1,221	1,460
Other payables	6,762	1,991
	92,978	49,773

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



**18. Lease liabilities**

	Buildings £000	IT equipment £000	Total £000
At 1 April 2019	-	-	-
Transition on adoption of IFRS 16	1,419	-	1,419
Re-measurement of existing lease liabilities	-	183	183
Additions	2,560	-	2,560
Principal repayments	(1,336)	(93)	(1,429)
Interest	94	6	100
At 31 March 2020	2,737	96	2,833
Additions	167	-	167
Principal repayments	(1,749)	(70)	(1,819)
Interest	86	8	94
At 31 March 2021	1,241	34	1,275
At 31 March 2020			
Current	1,536	66	1,602
Non-current	1,201	30	1,231
	2,737	96	2,833
At 31 March 2021			
Current	1,014	34	1,048
Non-current	227	-	227
	1,241	34	1,275

**19. Provision for contingent consideration**

	As at 31 March 2021 £000	As at 31 March 2020 £000
Deferred consideration arising on acquisition of 3C	6,765	2,593
Contingent consideration arising on acquisition of Rostrvm	-	851
Other contingent consideration	28	56
Provision for contingent consideration due in less than one year	6,793	3,500
Deferred consideration arising on acquisition of 3C	-	4,914
Other contingent consideration	-	10
Provision for contingent consideration due in more than one year	-	4,924

The provision for the contingent consideration arising on acquisition of Rostrvm Solutions Limited was also recorded in the Company only balance sheet as the acquisition was made by IMImobile Limited, and was settled in £750,000 of cash during the year, £19,000 of which had been discounted to net present value and was released to finance income. £120,000 was contingent on revenue and gross margin targets and was not achieved so was released to finance income (note 7).

20. Bank borrowings

	As at 31 March 2021 £000	As at 31 March 2020 £000
UK bank loans due in less than one year	-	4,000
Bank borrowing costs	-	(130)
	-	3,870
South African bank loans due in less than one year	-	136
	-	4,006
UK bank loans due in more than one year	-	43,192
Bank borrowing costs	-	(451)
	-	42,741
South African bank loans due in more than one year	-	-
	-	42,741

The Company agreed new UK bank loan facilities in August 2019 and amended in December 2019. The facility included a £30,000,000 5-year term loan with annual interest of between 1.65% and 2.35% plus LIBOR based on the level of adjusted leverage, and a £20,000,000 revolving loan facility repayable over 5 years and bearing interest at an annual rate of between 1.65% and 2.35% plus LIBOR based on the level of adjusted leverage. The UK bank loan was repaid in full in March 2021 and the associated borrowing costs were fully amortised to finance cost (note 7).

A South African bank loan of ZAR 15,000,000 was taken by Archer Digital Limited in October 2016, repayable over four years. The loan was secured by fixed assets and bears interest at South Africa's prime rate plus 1%. The South African bank loan was repaid in full in September 2020.

The movements in bank borrowings over the year were as follows:

	Old UK bank loan £000	New UK bank loan £000	South Africa bank loan £000	Subtotal £000	Borrowing costs £000	Total £000
At 1 April 2019	20,407	-	441	20,848	(117)	20,731
Loan drawdowns	1,239	50,037	-	51,276	-	51,276
Principal repayments	(21,642)	(2,675)	(220)	(24,537)	-	(24,537)
Capitalised bank borrowing costs	-	-	-	-	(649)	(649)
Borrowing costs written off on refinancing	-	-	-	-	105	105
Amortisation of borrowing costs	-	-	-	-	80	80
Exchange differences	(4)	(170)	(85)	(259)	-	(259)
At 31 March 2020	-	47,192	136	47,328	(581)	46,747
Principal repayments	-	(46,207)	(137)	(46,344)	-	(46,344)
Capitalised bank borrowing costs	-	-	-	-	(10)	(10)
Amortisation of borrowing costs	-	-	-	-	121	121
Borrowing costs written off on repayment of loan	-	-	-	-	470	470
Exchange differences	-	(985)	1	(984)	-	(984)
At 31 March 2021	-	-	-	-	-	-

21. Defined benefit gratuity plan

Net benefit expenses

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Current service cost	121	105
Interest cost on obligation	70	63
Net actuarial (profit)/losses recognised	(79)	145
Total	112	313

The movements in the defined benefit gratuity obligation over the year were as follows:

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Opening obligation	1,299	1,032
Interest cost	70	63
Current service cost	121	105
Benefits paid	(65)	(74)
Net actuarial profit/loss recognised in the year	(79)	145
Exchange differences	(103)	28
Closing obligation	1,243	1,299

The significant actuarial assumptions were as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Discount rate	6.85%	6.75%
Salary growth rate	1 <sup>st</sup> Year – 10% Thereafter – 6%	1 <sup>st</sup> Year – 10% Thereafter – 6%
Mortality tables	IALM (2012-14)	IALM (2012-14)

Sensitivity analysis on the actuarial assumptions is as follows:

	Sensitivity applied	Change to present value of obligation 31 March 2021	Change to present value of obligation 31 March 2020
Discount rate	+1%	-£145,000	-£105,000
Salary growth rate	+1%	+£135,000	+£97,000
Attrition rate	+50%	+£11,000	+£17,000
Mortality tables	+10%	+£1,000	+£1,000

The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## 22. Deferred tax

	Gross £000	Offset £000	As reported £000
<b>31 March 2021</b>			
Deferred tax assets	3,144	(2,965)	179
Deferred tax liabilities	(10,145)	2,965	(7,180)
<b>Total</b>	<b>(7,001)</b>	<b>-</b>	<b>(7,001)</b>
<b>31 March 2020</b>			
Deferred tax assets	4,118	(3,394)	724
Deferred tax liabilities	(10,515)	3,394	(7,121)
<b>Total</b>	<b>(6,397)</b>	<b>-</b>	<b>(6,397)</b>

The gross movement on the deferred tax account is as follows:

	£000	£000
At 1 April 2020/2019	(6,397)	(3,322)
Income statement (charge) / credit	(392)	890
On acquisition	-	(3,990)
Share-based payment recognised in equity	(212)	45
Exchange differences	-	(20)
<b>At 31 March 2021/2020</b>	<b>(7,001)</b>	<b>(6,397)</b>

The following are the deferred tax liabilities and assets recognised by the Group and movements thereon during the respective period:

Deferred tax assets:	Property, Plant and Equipment £000	Share-based payments £000	Intangible assets £000	Losses £000	Other short-term temporary differences £000	Total £000
<b>At 1 April 2020</b>	59	896	1,064	1,183	916	4,118
(Charge) / credit to the income statement	141	(676)	(97)	(550)	420	(762)
Share-based payments recognised in equity	-	(212)	-	-	-	(212)
<b>At 31 March 2021</b>	<b>200</b>	<b>8</b>	<b>967</b>	<b>633</b>	<b>1,336</b>	<b>3,144</b>
Deferred tax liabilities:	Property, Plant and Equipment £000	Share- based payments £000	Intangible assets £000	Losses £000	Other short-term temporary differences £000	Total £000
<b>At 1 April 2020</b>	(2,315)	-	(8,200)	-	-	(10,515)
(Charge) / credit to the income statement	(262)	-	632	-	-	370
<b>At 31 March 2021</b>	<b>(2,577)</b>	<b>-</b>	<b>(7,568)</b>	<b>-</b>	<b>-</b>	<b>(10,145)</b>

Other short-term temporary differences comprise a number of items, none of which is individually significant to the Group's Statement of Financial Position. At 31 March 2021 the balance related to temporary differences in relation to long-term employee benefits including retirement benefits, and the provision of bad debts in India to the extent they are offset by deferred tax on property, plant and equipment in India.

At the balance sheet date, the Group has losses of £42,198,000 on which there are unrecognised deferred tax assets of £8,135,000 (2020: £2,781,000). No deferred tax asset has been recognised in respect of these temporary differences as the Group considers that there will not be enough taxable profits in the entities concerned such that any additional asset could be considered recoverable. Of these unrecognised deferred tax assets, £7,435,000 (2020: £1,998,000) may be carried forward indefinitely and £700,000 (2020: £783,000), relating to the estimation of forecast future taxable income in IMI Mobile Private Limited, expires after eight years.

No deferred tax liability is recognised on gross temporary differences of £7,892,000 (2020: £20,881,000) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at 31 March 2021 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability,

principally as a result of a dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

## 23. Share capital, share premium and reserves

	Share Capital £000	Share Premium £000	Total £000
Allotted, called up and fully paid			
At 1 April 2020	7,479	27,555	35,034
Share placing	742	20,925	21,667
Share options exercised	1,057	20,346	21,403
At 31 March 2021	9,278	68,826	78,104

	Number of Ordinary shares
At 1 April 2020	74,793,729
Share placing	7,415,575
Share options exercised (note 24)	10,571,693
At 31 March 2021	92,780,997

During the year 9,559,190 share options were exercised for consideration of £15,411,000. The exercise of 1,012,503 flowering share options has been accounted for as a reduction of £5,992,000 in the share-based payment reserve. The exercise of share options where the employer payroll taxes were not passed to the employee has been accounted for as a reduction of £333,000 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.

### Translation reserve

The translation reserve is used to record cumulative translation differences on the assets and liabilities of foreign operations. The cumulative translation differences are recycled to the income statement on disposal of the foreign operation.

### Share-based payment reserve

The share-based payment reserve relates to the charge for the share-based payment in accordance with International Financial Reporting Standard 2.

### Capital restructuring reserve

The capital restructuring reserve was created as part of the capital restructuring of the Group following admission to AIM. The share capital and share premium were restated based on the 3:1 conversion of ordinary shares, with a corresponding entry in the restructuring reserve. The restructuring reserve also reflects the conversion of preference shares to ordinary shares and the creation of a non-controlling interest in the Group that has subsequently been eliminated.

### Retained earnings

Retained earnings represents the cumulative earnings of the Group attributable to equity shareholders.

## 24. Share-based payment charge

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

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Employee share schemes granted as part of the Group's listing in June 2014	(7)	4
Employee share schemes granted to retain key staff as part of an acquisition	338	159
On-going employee incentive share schemes	3,590	1,121
Total share-based payment charge on options granted to Directors and employees	3,921	1,284
Infracast contingent consideration	-	1,035
Credit to equity for share-based payments	3,921	2,319
Archer put option	889	(147)
Movement in put options on acquisitions	889	(147)
Share-based payment charge	4,810	2,172

### Employee shares schemes

The Group operated the following schemes during the year. Certain options granted under the schemes included accelerated vesting on a change in control of the group, in which case the share-based payment charge that would otherwise have been recognised in future periods has been recognised in the current year.

#### Flowering Share Plan

The plan was established on 16 May 2014. The options granted vest over a period of 0-4 years and are dependent upon continued employment, and meeting an objective Company hurdle and performance targets for the Group's adjusted EPS. The options may be forfeited if the employee leaves the Group and the rights of the participants lapse if the award has not been exercised after a period of 10 years from the grant date.

Details of the share awards outstanding during the year are as follows:

	As at 31 March 2021		As at 31 March 2020	
	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)	Number of share options
At 1 April	0.03	1,012,503	0.03	1,232,499
Exercised	0.03	(1,012,503)	0.03	(219,996)
<b>At 31 March</b>	-	-	<b>0.03</b>	<b>1,012,503</b>
Vested	-	-	0.03	1,012,503
Unvested	-	-	-	-
<b>At 31 March</b>	-	-	<b>0.03</b>	<b>1,012,503</b>

The share-based payment charge on this plan during the year is £nil (2020: £nil).

The options outstanding at 31 March 2021 have a weighted average remaining contractual life of nil years (2020: 4.1 years).

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 0.31% to 1.55%, exercise price shown above, an expected option life of five years, volatility of 22% to 70% depending on the vesting date of the options and a dividend yield of nil.

#### 2014 Unapproved Option Plan

The plan was established on 26 June 2014. The options granted vest over a period of 0-4 years and are dependent upon continued employment and meeting performance targets for the Group's adjusted EPS. The options may be forfeited if the employee leaves the Group and the rights of the participants lapse if the award has not been exercised after a period of 10 years from the grant date.

Details of the share awards outstanding during the year are as follows:

	As at 31 March 2021		As at 31 March 2020	
	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)	Number of share options
At 1 April	1.51	8,374,226	1.26	8,172,106
Granted	3.00	1,500,000	2.72	1,159,705
Exercised	1.63	(8,533,310)	0.54	(849,857)
Forfeited	1.69	(349,044)	2.83	(107,728)
Replaced with cash award	2.68	(991,872)	-	-
<b>At 31 March</b>	-	-	<b>1.51</b>	<b>8,374,226</b>
Vested	-	-	0.81	4,521,413
Unvested	-	-	2.33	3,852,813
<b>At 31 March</b>	-	-	<b>1.51</b>	<b>8,374,226</b>

The share-based payment charge on this plan during the year is £3,507,000 (2020: £1,199,000).

The aggregate fair value of options granted in the year is £1,813,000 (2020: £1,015,000). The options outstanding at 31 March 2021 have a weighted average remaining contractual life of nil years (2020: 6.8 years).

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 (0.06)% to 1.72%, exercise price shown above, an expected option life of five years, volatility of 7% to 70% depending on the vesting date of the options and a dividend yield of nil.

#### CSOP

The plan was established on 26 June 2014. The options granted vest over a period of 0-4 years and are dependent upon continued employment. The options may be forfeited if the employee leaves the Group and the rights of the participants lapse if the award has not been exercised after a period of 10 years from the grant date.

Details of the share awards outstanding during the year are as follows:

	As at 31 March 2021		As at 31 March 2020	
	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)	Number of share options
At 1 April	2.05	1,014,071	1.73	1,105,094
Granted	-	-	3.06	239,295
Exercised	1.80	(782,538)	1.51	(248,637)
Forfeited	3.05	(17,556)	2.32	(81,681)
Replaced with cash award	2.89	(213,977)	-	-
<b>At 31 March</b>	-	-	<b>2.05</b>	<b>1,014,071</b>
Vested	-	-	1.61	603,615
Unvested	-	-	2.69	410,456
<b>At 31 March</b>	-	-	<b>2.05</b>	<b>1,014,071</b>

The share-based payment charge on this plan during the year is £162,000 (2020: £85,000).

The aggregate fair value of options granted in the year is £nil (2020: £157,000). The options outstanding at 31 March 2021 have a weighted average remaining contractual life of nil years (2020: 6.8 years).

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 0.42% to 1.72%, exercise price shown above, an expected option life of five years, volatility of 7% to 70% depending on the vesting date of the options and a dividend yield of nil.

#### Rollover scheme

The plan was established on 27 June 2014. The options granted vest over a period of 0-4 years and are dependent upon continued employment. The options may be forfeited if the employee leaves the Group and the rights of the participants lapse if the award has not been exercised after a period of 10 years from the grant date.

Details of the share awards outstanding during the year are as follows:

		As at 31 March 2021		As at 31 March 2020
	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)	Number of share options
At 1 April	0.30	247,500	0.30	320,500
Exercised	0.30	(241,500)	0.30	(73,000)
<b>At 31 March</b>	<b>0.29</b>	<b>6,000</b>	<b>0.30</b>	<b>247,500</b>
Vested	0.29	6,000	0.30	247,500
Unvested	-	-	-	-
<b>At 31 March</b>	<b>0.29</b>	<b>6,000</b>	<b>0.30</b>	<b>247,500</b>

The share-based payment charge on this plan during the year is £nil (2020: £nil).

The options outstanding at 31 March 2021 have a weighted average remaining contractual life of 0.4 years (2020: 4.2 years).

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 1.34%, exercise price shown above, an expected option life of five years, volatility of 9% to 41% depending on the vesting date of the options and a dividend yield of nil.

#### *Save As You Earn*

The plan was established on 6 August 2020. The options granted vest over a period of 3 years and are dependent upon continued employment. The options will be forfeited if the employee leaves the Group.

Details of the share awards outstanding during the year are as follows:

		As at 31 March 2021		As at 31 March 2020
	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)	Number of share options
At 1 April	-	-	-	-
Granted	2.96	659,958	-	-
Exercised	2.96	(1,842)	-	-
Forfeited	2.96	(500,763)	-	-
<b>At 31 March</b>	<b>2.96</b>	<b>157,353</b>	<b>-</b>	<b>-</b>
Vested	-	-	-	-
Unvested	2.96	157,353	-	-
<b>At 31 March</b>	<b>2.96</b>	<b>157,353</b>	<b>-</b>	<b>-</b>

The share-based payment charge on this plan during the year is £252,000 (2020: £nil).

The aggregate fair value of options granted in the year is £934,000 (2020: £nil). The options outstanding at 31 March 2021 have a weighted average remaining contractual life of 0.3 years (2020: nil years).

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 (0.04)%, exercise price shown above, an expected option life of three years, volatility of 30% and a dividend yield of nil.



*Total of Employee Share Schemes*

	As at 31 March 2021		As at 31 March 2020	
	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)	Number of share options
At 1 April	1.40	10,648,300	1.14	10,830,199
Granted	2.99	2,159,958	2.78	1,399,000
Exercised	1.46	(10,571,693)	0.62	(1,391,490)
Forfeited	2.45	(867,363)	2.61	(189,409)
Replaced with cash award	2.71	(1,205,849)	-	-
<b>At 31 March</b>	<b>2.86</b>	<b>163,353</b>	<b>1.40</b>	<b>10,648,300</b>
Vested	0.29	6,000	0.74	6,385,031
Unvested	2.96	157,353	2.37	4,263,269
<b>At 31 March</b>	<b>2.86</b>	<b>163,353</b>	<b>1.40</b>	<b>10,648,300</b>

The aggregate fair value of options granted in the year is £2,747,000 (2020: £1,172,000). The options outstanding at 31 March 2021 have a weighted average remaining contractual life of 0.3 years (2020: 6.5 years).

*IMImobile South Africa (formerly 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 £889,000 recorded in the year ended 31 March 2021 (2020: credit of £147,000). The option was exercised on the Group's change of control and the option value of £1,755,000 included in trade and other payables at year end was settled in April 2021.

25. **Notes to the Consolidated Cash Flow Statement**

**Cash generated from operations**

	Notes	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Cash flows from operating activities:</b>			
(Loss) / profit before taxation		(11,281)	3,130
Adjustments:			
Net finance costs	7	1,486	1,480
Share-based payments	24	4,810	2,172
Depreciation of property, plant and equipment	12	3,942	3,380
Amortisation of intangible assets	11	9,874	7,597
Operating cash flow before movements in working capital:		8,831	17,759
(Decrease)/increase in receivables		(349)	4,144
Decrease/(increase) in payables		330	(1,096)
Increase in provision for defined benefit gratuity plan		136	68
<b>Cash generated from operations</b>		<b>8,948</b>	<b>20,875</b>

**Net cash / (debt)**

This section sets out an analysis of net cash / (debt) and the movements in net cash / (debt) for each of the periods presented.

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Cash and cash equivalents	54,494	25,089
Bank borrowings – current and non-current	-	(46,747)
Lease liability	(1,275)	(2,833)
	<b>53,219</b>	<b>(24,491)</b>

	Cash and cash equivalents £000	Total bank borrowings £000	Lease liabilities £000	Total £000
At 1 April 2020	25,089	(46,747)	(2,833)	(24,491)
Cash flows	29,405	46,747	1,752	77,904
New lease agreements	-	-	(151)	(151)
Re-measurement of existing lease liabilities	-	-	46	46
Interest charge on lease liabilities	-	-	(89)	(89)
<b>At 31 March 2021</b>	<b>54,494</b>	<b>-</b>	<b>(1,275)</b>	<b>53,219</b>

**26. Dividends per share**

A dividend was paid to IMI Mobile Limited by one of its subsidiaries in March 2021 and resulted in a dividend expense of £175,000 to non-controlling interests (2020: £nil).

**27. Financial risk management**

The Group's financial instruments comprise cash and cash equivalents and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency exchange rate risk. It is the objective of the Group to minimise these risks where possible by maintaining and operating a robust control environment. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Group's finance department.

*The Group currently does not use derivative financial instruments to manage its exposure to these risks.*

*Financial instruments*

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	Financial assets at amortised cost as at 31 March:		Financial liabilities at FVTPL as at 31 March:		Financial liabilities at amortised cost as at 31 March:		Fair value hierarchy
		2021	2020	2021	2020	2021	2020	
		£000	£000	£000	£000	£000	£000	
Cash and cash equivalents	13	54,494	25,089	-	-	-	-	Level 1
Trade receivables and contract assets	14	39,426	40,238	-	-	-	-	Level 1
Tax receivable		1,495	2,717	-	-	-	-	Level 1
Withholding tax debtor		271	1,172	-	-	-	-	Level 1
Trade and other payables	17	-	-	-	-	(92,978)	(49,773)	Level 1
Lease liabilities								
- current	18	-	-	-	-	(1,048)	(1,602)	Level 2
- non-current	18	-	-	-	-	(227)	(1,231)	Level 2
Provision for contingent consideration								
- current	19	-	-	(6,793)	(3,500)	-	-	Level 3
- non-current	19	-	-	-	(4,924)	-	-	Level 3
Bank borrowings								
- current	20	-	-	-	-	-	(4,006)	Level 1
- non-current	20	-	-	-	-	-	(42,741)	Level 1
Tax payable		-	-	-	-	(507)	-	Level 1

The provision for contingent consideration primarily relates to the acquisitions of 3C and fair value is based on expected achievement against milestone targets, discounted to present value.

#### *Liquidity risk*

As regards liquidity, the Group's policy throughout the period has been to ensure continuity of funding. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Group has not entered into any derivative transactions in the current or prior year.

All trade payables (note 17) are due to be paid within twelve months of the balance sheet date. The average trade creditor days for the Group, expressed as a number of days, was 122 (2020: 117).

#### *Currency risk*

The Group's policy in relation to transactional currency risk is to conduct the majority of its sales in the local or pegged currency of each entity (see note 2). Within each statutory entity, there is an amount of trading with overseas customers which are settled in foreign currencies. The Group monitors its exposure to currency by regularly reviewing its cash balances and matching these with future and forecast requirements.

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

	As at 31 March 2021 £000	As at 31 March 2020 £000
Indian Rupee	29,120	1,049
UK Pounds Sterling	14,565	17,694
US Dollar	4,568	2,936
Canadian Dollar	1,809	474
South African Rand	1,736	797
Euro	1,138	1,046
Tunisian Dinar	562	480
United Arab Emirates Dirham	281	229
Myanmar Kyat	245	20
Nepalese Rupee	240	81
Bangladeshi Taka	209	236
Australian Dollar	14	17
Sri Lankan Rupee	7	3
Nigerian Naira	-	27
	<u>54,494</u>	<u>25,089</u>

#### *Foreign currency exchange rate risk*

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. As well as naturally mitigating this risk by offsetting its cost base in the same currencies where possible, currency exposure arising from the net assets of the Group's foreign operations is managed through cash balances denominated in the relevant foreign currencies.

The Group is mainly exposed to the Canadian Dollar, South African Rand, US Dollar, Indian Rupee and Euro currencies.

The following table details the Group's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign

exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative or positive.

	As at 31 March 2021 £000	As at 31 March 2020 £000
Currency impact of:		
South African Rand	38	(36)
US Dollar	(37)	(93)
Indian Rupee	(136)	307
Euro	(232)	(68)
Canadian Dollar	(134)	(117)

#### *Interest rate risks*

Historically the Group has financed its operations through a mix of equity and debt to help minimise its exposure. During the year the Group fully repaid its bank borrowings (note 20) following the acquisition of the Group by Cisco.

Prior to this the Group minimised its risk to interest fluctuations by closely monitoring interest rates and drawing funds from jurisdictions with low and stable interest rates.

#### *Credit risk*

There has been no material change in the credit risk compared to the prior year. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date can be found within note 14. The table below summarises the Group's credit exposure to six of its key customers at the balance sheet date, excluding pass through revenues.

	As at 31 March 2021 £000	As at 31 March 2020 £000
Customer A	454	351
Customer B	3,530	4,551
Customer C	-	-
Customer D	1,249	712
Customer E	2,430	1,958
Customer F	1,453	2,579

There are no other customers that represent more than 5% of the total balance of trade receivables in either period.

## **28. Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. For the purpose of capital risk management, the total capital resources consist of the following components:

	As at 31 March 2021 £000	As at 31 March 2020 £000
Cash and cash equivalents	54,494	25,089
Bank borrowings	-	(46,747)
Lease liability recognised on transition to IFRS 16	(1,275)	(2,833)
Net cash / (debt)	53,219	(24,491)
Equity	97,071	78,731

## **29. Post balance sheet events**

#### *Disposal of intellectual property and subsidiaries*

Over the period April to August 2021, the Group sold its internally generated intellectual property and four US subsidiaries to other subsidiaries of the Cisco group for a total consideration of £445.7 million, of which £384.2 million has been passed back to parent undertakings as dividends.

*VAS divestiture*

In September 2021, the divestment of the VAS operating business was completed to the management team of that division. Consideration is £6m in cash, of which £3m was paid in December 2021 and £3m is due after three years

## IMIMOBILE LIMITED COMPANY FINANCIAL STATEMENTS

### Company Statement of Financial Position

As at 31 March 2021

	Note	As at 31 March 2021 £000	As at 31 March 2020 £000
<b>Non-current assets</b>			
Investments	32	159,711	166,176
<b>Total non-current assets</b>		<b>159,711</b>	<b>166,176</b>
<b>Current assets</b>			
Cash and cash equivalents		8,882	5,588
Trade and other receivables	33	32,592	33,448
<b>Total current assets</b>		<b>41,474</b>	<b>39,036</b>
<b>Current liabilities</b>			
Trade and other payables		(7,257)	(150)
Provision for contingent consideration	19	-	(851)
Bank borrowings	20	-	(3,870)
<b>Total current liabilities</b>		<b>(7,257)</b>	<b>(4,871)</b>
<b>Net current assets</b>		<b>34,217</b>	<b>34,165</b>
<b>Non-current liabilities</b>			
Trade and other payables	34	(88,150)	(64,287)
Bank borrowings	20	-	(42,741)
<b>Total non-current liabilities</b>		<b>(88,150)</b>	<b>(107,028)</b>
<b>Net assets</b>		<b>105,778</b>	<b>93,313</b>
<b>Equity attributable to the owners of the parent</b>			
Share capital	23	9,278	7,479
Share premium	23	68,826	27,555
Share-based payment reserve	23	29,287	25,365
(Accumulated losses)/retained earnings	31	(1,613)	32,914
<b>Total equity</b>		<b>105,778</b>	<b>93,313</b>

The Company reported a loss for the financial year ended 31 March 2021 of £34,527,000 (2020: loss of £5,568,000) including dividend income of £17,538,000 (2020: £nil) received from its subsidiaries and impairment in investments of £34,026,000 (2020: £2,769,000).

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

The financial statements of IMImobile Limited (Company number: 08802718) were approved by the Board and authorised for issue on 23 December 2021.

Signed on behalf of the Board



Mike Jefferies  
Director

## Company Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital £000	Share premium £000	Share-based payment reserve £000	Retained earnings/ (accumulated losses) £000	Total equity £000
<b>Balance at 1 April 2019</b>	<b>6,671</b>	<b>6,666</b>	<b>23,036</b>	<b>38,482</b>	<b>74,855</b>
Loss for the year	-	-	-	(5,568)	(5,568)
Proceeds from share issue (note 23)	792	20,391	-	-	21,183
Issue of shares as part of acquisition	16	498	-	-	514
Credit to equity for share-based payments	-	-	2,329	-	2,329
<b>Balance at 31 March 2020</b>	<b>7,479</b>	<b>27,555</b>	<b>25,365</b>	<b>32,914</b>	<b>93,313</b>
Loss for the year	-	-	-	(34,527)	(34,527)
Proceeds from share issue (note 23)	1,799	41,271	-	-	43,070
Credit to equity for share-based payments	-	-	3,922	-	3,922
<b>Balance at 31 March 2021</b>	<b>9,278</b>	<b>68,826</b>	<b>29,287</b>	<b>(1,613)</b>	<b>105,778</b>

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

## Notes to the Company financial statements

For the year ended 31 March 2021

### 30. Significant accounting policies and key sources of estimation uncertainty

#### Basis of accounting

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective and related party transactions as disclosed in the group accounts.

The financial statements have been prepared under the historical cost convention. Further details of the Directors' considerations in relation to going concern are included in the Strategic Report, the Directors' Report and note 1.

The principal accounting policies applied in preparation of the Company Statement of Financial Position are set out below.

IMImobile Limited is the parent company for the IMImobile Group and does not generate its own revenues.

#### Investments

Investments in subsidiaries are held at cost less any accumulated impairment losses. Share-based payment charges are included as a capital contribution within the relevant investment in subsidiaries.

Impairment reviews of investments are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of each investment 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.

#### Foreign currencies

The Company financial statements are presented in UK Pounds Sterling ("the presentational currency" and "the functional currency").

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### Trade and other receivables

The majority of trade and other receivables are amounts due from subsidiaries, the Company has applied the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for Group receivables. Receivable balances are assessed based on each entity's ability to repay amounts owed.

#### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 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.

#### Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report, Directors' Report and note 1.

#### Key sources of estimation uncertainty

##### *Impairment reviews*

Management undertake periodic tests for impairment of investments 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 investments 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 Company's material investments would need to decrease as follows before impairment would be required:

	Cash flow growth rate:	
	Used in impairment review	At which impairment would be required
IMImobile Europe Limited	21%	(29%)
Txtlocal Limited	16%	(44%)
IMImobile Intelligent Networks Limited	21%	(29%)
IMImobile African Holdings Limited	22%	(22%)
IMImobile North America Inc	11%	(16%)
Healthcare Communications UK Limited	57%	(21%)
IMImobile Software Limited	11%	(16%)

IMI Mobile Private Limited is held at fair value less cost of disposal, so the cash flow growth rate is not a key source of estimation uncertainty in its impairment review.

**31. (Accumulated losses)/retained earnings**

The auditors' remuneration for audit and other services is disclosed within note 4 to the consolidated financial statements. The only employees of the Company are the Non-executive Directors whose emoluments are included in note 16.

**32. Investments**

The Company has investments in the following subsidiaries:

	Opening £000	Additions £000	Share-based payments £000	Impairment £000	Foreign exchange movement £000	Closing £000
<b>31 March 2021</b>						
IMI Mobile Private Limited	33,706	-	687	(28,393)	-	6,000
IMImobile Europe Limited	24,082	-	2,675	-	-	26,757
Txtlocal Limited	13,475	-	79	-	-	13,554
IMImobile Intelligent Networks Limited	16,137	-	55	-	-	16,192
IMImobile South Africa Pty Limited	110	-	40	-	-	150
IMImobile African Holdings Limited	3,112	-	-	-	255	3,367
IMImobile South Africa 1 Limited	225	-	-	-	-	225
IMImobile South Africa 2 Limited	56	-	-	-	-	56
IMImobile Limited FZE	2	-	-	-	-	2
IMImobile North America Inc	42,527	-	-	-	(3,940)	38,587
Healthcare Communications UK Limited	11,872	-	36	-	-	11,908
IMImobile Software Limited	16,340	-	-	-	(324)	16,016
Rostrvm Solutions Limited	4,397	-	10	-	-	4,407
IMImobile Canada Inc	6	-	83	-	-	89
3Cinteractive Corp	129	-	257	-	-	386
IMI Mobile VAS Limited FZE	-	27,633	-	(5,633)	-	22,000
IMImobile Cloud Communications (India) Private Limited	-	15	-	-	-	15
	<u>166,176</u>	<u>27,648</u>	<u>3,922</u>	<u>(34,026)</u>	<u>(4,009)</u>	<u>159,711</u>

	Opening £000	Additions £000	Share-based payments £000	Impairment £000	Foreign exchange movement £000	Closing £000
<b>31 March 2020</b>						
IMI Mobile Private Limited	36,260	-	215	(2,769)	-	33,706
IMImobile Europe Limited	23,258	-	824	-	-	24,082
Txdlocal Limited	13,412	-	63	-	-	13,475
IMImobile Intelligent Networks Limited	15,087	-	1,050	-	-	16,137
IMImobile South Africa Pty Limited	98	-	12	-	-	110
IMImobile African Holdings Limited	3,667	-	-	-	(555)	3,112
IMImobile South Africa 1 Limited	225	-	-	-	-	225
IMImobile South Africa 2 Limited	56	-	-	-	-	56
IMImobile Limited FZE	2	-	-	-	-	2
IMImobile North America Inc	6,864	35,804	-	-	(141)	42,527
Healthcare Communications UK Limited	11,842	-	30	-	-	11,872
IMImobile Software Limited	15,963	-	-	-	377	16,340
Kostrvm Solutions Limited	-	4,397	-	-	-	4,397
IMImobile Canada Inc	-	-	6	-	-	6
3Cinteractive Corp	-	-	129	-	-	129
	<u>126,734</u>	<u>40,201</u>	<u>2,329</u>	<u>(2,769)</u>	<u>(319)</u>	<u>166,176</u>

The investment in IMImobile African Holdings Limited includes a long-term loan of ZAR 69,000,000 which is considered to be part of the net investment in the subsidiary.

The investment in IMImobile North America Inc includes a long-term loan of USD 5,511,000 and shares issued with a market value at the time of issue of £2,604,000 in relation to the acquisition of the assets of Sumotext Corporation, and a long-term loan of USD 43,850,000 to be used in the acquisition of 3C, all of which are considered to be part of the net investment in the subsidiary. In July 2021 Cisco injected capital into IMImobile North America Inc which was used to settle the USD 49,361,000 loan.

The Company made a long-term loan of CAD 27,747,000 to IMImobile Software Limited to be used in the acquisition of Impact Mobile, which is considered to be part of the net investment in the subsidiary.

See note 2 for the class of shares held, the proportion of the nominal value of the class of shares held and the registered offices of the subsidiaries.

### 33. Trade and other receivables

	As at 31 March 2021 £000	As at 31 March 2020 £000
Due from subsidiary - IMI Mobile Private Limited	15,623	2,600
Due from subsidiary - IMImobile South Africa 1 Limited	351	305
Due from subsidiary - Tap2Bill Limited	2,129	25,017
Due from subsidiary - IMImobile Limited FZE	1,198	1,124
Due from subsidiary - Lenco International Limited	149	137
Due from subsidiary - IMImobile Intelligent Networks Limited	701	2,651
Due from subsidiary - IMImobile North America Inc	207	227
Due from subsidiary - 3Cinteractive Corp	1,093	1,216
Due from subsidiary - IMImobile Europe Limited	10,359	-
Prepayments	570	171
Other receivables	212	-
	<u>32,592</u>	<u>33,448</u>

Amounts due from subsidiaries are non-interest bearing and are repayable on demand.

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses, the above balances have been assessed based on each entity's ability to repay amounts owed and no expected credit loss has been recognised.

**34. Trade and other payables**

	As at 31 March 2021 £000	As at 31 March 2020 £000
Due to related party (note 16)	43,238	-
Due to subsidiary - IMI Mobile VAS Limited FZLL	23,311	23,311
Due to subsidiary - IMI Mobile Europe Limited	-	20,196
Due to subsidiary - Lenco Technology Group Limited	166	156
Due to subsidiary - IMI Mobile African Holdings Limited	532	504
Due to subsidiary - IMI Mobile Inc	151	155
Due to subsidiary - Txtlocal Limited	16,245	16,001
Due to subsidiary - Healthcare Communications UK Limited	1,487	1,093
Due to subsidiary - Chilli Digital Europe Limited	67	67
Due to subsidiary - IMI Mobile Canada Inc	2,281	2,137
Due to subsidiary - Rostrvm Solutions Limited	672	667
	<u>88,150</u>	<u>64,287</u>

Amounts due to subsidiaries are non-interest bearing and are repayable on demand.

**35. Immediate and ultimate parent undertaking**

The Company's immediate parent undertaking is Cisco Systems Holdings UK Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling party is Cisco Systems, Inc., a company incorporated in the United States, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements.

The consolidated financial statements of the group may be obtained by request from the Company Secretary, Cisco Systems, Inc., 170 West Tasman Drive, San Jose, California 95134-1706, USA.