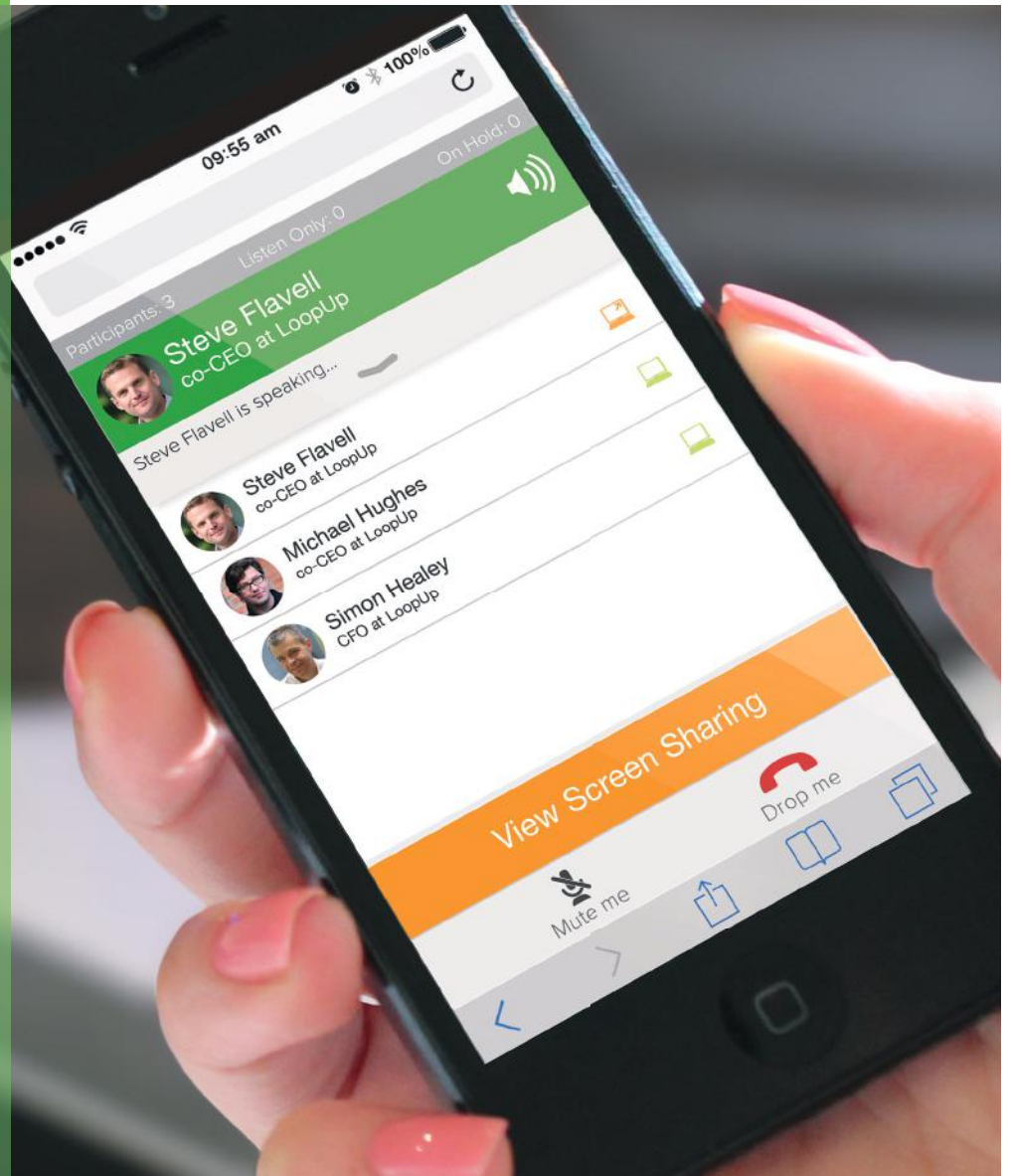




Placing and Admission to AIM

“LoopUp has done to conferencing what Nest did to thermostats. It’s conferencing reimagined - exactly how you wanted it to be, without knowing what you wanted.”

Robin Murray
Partner, Adams Street
Partners, Inc.



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities. This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies and has been issued in connection with the application for admission to trading on AIM of the entire issued and to be issued share capital of the Company. This document does not constitute an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA. Accordingly, this document does not constitute a prospectus under the Prospectus Rules published by the FCA and has not been approved by or filed with the FCA. The definitions used in this document are at pages 8 to 11.

The Company, whose registered office appears on page 7, and the Directors, whose names appear on page 7, accept responsibility for the information contained in this document, including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company, the Directors and the Proposed Director (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 24 August 2016.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. The London Stock Exchange has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. The Ordinary Shares are not traded on any other recognised investment exchange and no application has been made for the Ordinary Shares to be listed on any other recognised investment exchange.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Your attention is drawn in particular to the risk factors set out in Part II of this document; however, the whole text of this document should be read.

LoopUp Group plc

(a company incorporated in England and Wales under the Companies Act 2006 with company number 09980752)

Placing of 8,500,000 Ordinary Shares at 100 pence per share

Admission to trading on AIM

Nominated Adviser and Broker

PANMURE GORDON & CO

Share capital immediately following Admission

	<i>Issued and Fully Paid</i>	
	<i>Number</i>	<i>Amount</i>
Ordinary Shares of 0.5 pence each	40,784,176	£203,920.88

Panmure Gordon, which is regulated by the FCA, is acting as nominated adviser and broker to the Company and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. Panmure Gordon has not authorised the contents of any part of this document for the purposes of FSMA. The responsibilities of Panmure Gordon as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director, Shareholder or any other person in respect of a decision to subscribe for Ordinary Shares. Panmure Gordon is not making any representation or warranty, express or implied, as to the contents of this document.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States of America, Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities laws of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations and will not be made to any national, resident or citizen of the United States of America, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Admission Document. Any representation to the contrary is a criminal offence in the United States.

In making any investment decision in respect of the Ordinary Shares, no information or representation should be relied upon other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised.

Neither the Company nor the Directors are providing prospective investors with any representations or warranties or any legal, financial, business, tax or other advice. Prospective investors should consult with their own advisers as needed to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the Ordinary Shares.

IMPORTANT INFORMATION

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of the Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see the risk factors set out in Part II of this document).

Potential investors contemplating an investment in the Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

If you are in any doubt about the contents of this document, you should consult a person authorised under FSMA, who specialises in advising on the acquisition of shares and other securities.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses, which may result therefrom.

Potential Shareholders should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential Shareholders should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption, conversion or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential Shareholders must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

This document should be read in its entirety before making any investment in the Company.

Forward-Looking Statements

Certain statements contained herein are forward-looking statements and are based on current expectations, estimates and projections about the potential returns of the Group, industry, and markets in which the Group will operate, the Board; beliefs and assumptions made by the Board. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline", "aims", "may", "targets", "would", "could" and variations of such words and similar expressions are intended to identify such forward-looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules for Companies.

Market and Financial Information

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or its position therein, are based on Company's records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Unless otherwise indicated, financial information in this document, including Ring2 Communications Limited's audited consolidated financial statements for the three years ended 31 December 2015, and the notes to those financial statements, has been prepared in accordance with International Financial Reporting Standards. LoopUp Group plc was incorporated on 1 February 2016 and has not yet commenced operations and has no material assets (other than the shares in Ring2) or liabilities; therefore, no financial statements have been prepared as at the date of this document.

Various figures and percentages, including financial data, in this document have been rounded. As a result of this rounding, the totals of the data presented in this document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this document are, unless otherwise stated, references to London time.

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EXPECTED TIMETABLE FOR THE PLACING AND ADMISSION

Publication of this document	18 August 2016
Allotment and issue of the EIS Shares and the VCT Shares	23 August 2016
Allotment and issue of the General Placing Shares	24 August 2016
Expected date for settlement within CREST of the EIS Shares and VCT Shares	23 August 2016
Expected date for settlement within CREST of the General Placing Shares	24 August 2016
Admission becomes effective and dealings in the Enlarged Share Capital expected to commence on AIM	at or about 8.00 a.m. on 24 August 2016
Despatch of definitive share certificates for Placing Shares (where applicable)	7 September 2016

Note:

Each of the times and dates in the above timetable is subject to change. All times are London times unless otherwise stated.

PLACING STATISTICS

Placing Price per Placing Share	100 pence
Number of Existing Ordinary Shares	32,284,176
Number of Placing Shares to be issued by the Company pursuant to the Placing	8,500,000
Number of Ordinary Shares in issue immediately following Admission	40,784,176
Percentage of Enlarged Share Capital represented by Placing Shares	20.8%
Gross proceeds of the Placing receivable by the Company	£8.5 million
Estimated net proceeds of the Placing receivable by the Company	£7.5 million
Expected market capitalisation of the Company at the Placing Price immediately following Admission ⁽¹⁾	£40.8 million
TIDM	LOOP
ISIN	GB00BYQP6S60
SEDOL	BYQP6S6
Website	www.loopup.com

Notes:

(1) *The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Placing Price.*

DIRECTORS, OFFICERS AND ADVISERS

Directors	Stephen ("Steve") Graham Flavell Thomas Michael ("Michael") Hughes Simon Peter Healey Barmak Meftah Michael ("Mike") Eugene Reynolds Nicolas ("Nico") Robert Goulet Wright
Proposed Director	Lady Barbara Judge CBE
Company Secretary	Alastair Ofei Keatley
Registered Office and Principal Place of Business	1st Floor, 78 Kingsland Road London E2 8DP
Telephone number	+44 (0)20 3107 0207
Website	www.loopup.com
Financial Adviser, Nominated Adviser and Broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Reporting Accountant and Auditor	Grant Thornton UK LLP 202 Silbury Boulevard Central Milton Keynes MK9 1LW
Legal counsel to the Company	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
Legal counsel to the Nominated Adviser	Lewis Silkin LLP 5 Chancery Lane Clifford's Inn London EC4A 1BL
Financial Public Relations Adviser to the Company	FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA

DEFINITIONS

“Admission”	the admission of the relevant Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and AIM Rules for Nominated Advisers, as appropriate
“AIM Rules for Companies”	the rules for AIM companies published by the London Stock Exchange
“AIM Rules for Nominated Advisers”	the rules for nominated advisers to AIM companies published by the London Stock Exchange
“Articles”	the articles of association of the Company, a summary of which is set out in paragraph 5.1 of Part V of this document
“BT”	British Telecommunications plc
“CAGR”	compound annual growth rate
“Companies Act”	the Companies Act 2006 (as amended)
“Company”	LoopUp Group plc, a company incorporated in England and Wales (registered number 09980752) and having its registered office at 1st Floor 78 Kingsland Road, London E2 8DP
“Corporate Governance Guidelines”	the corporate governance guidelines for small and mid-size quoted companies published by the QCA in May 2013
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
“Directors” or “Board”	the directors of the Company as at the date of this document, whose names are set out on page 7 of this document and, from Admission, the Proposed Director
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EIS”	Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007
“EIS Placing”	the conditional placing of the EIS Shares by Panmure Gordon pursuant to the Placing Agreement
“EIS Shares”	the 1,558,000 new Ordinary Shares to be allotted and issued pursuant to the Placing Agreement to certain persons seeking to invest in “eligible shares” for the purposes of EIS
“Employees”	employees of the Group
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following Admission and the Placing
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited
“Executive Directors”	the executive directors of the Company as at the date of this document, namely Steve Flavell, Michael Hughes and Simon Healey

“Existing Ordinary Shares”	the 32,284,176 Ordinary Shares in issue as of the date of this document (assuming conversion has occurred as referred to in paragraph 4.2 of Part V of this document)
“Existing Shareholders”	the holders of the Existing Ordinary Shares
“FCA”	the UK Financial Conduct Authority
“FSMA”	the United Kingdom Financial Services and Markets Act 2000, as amended
“FY2013”	financial year ended 31 December 2013
“FY2014”	financial year ended 31 December 2014
“FY2015”	financial year ended 31 December 2015
“General Placing”	means the conditional placing of the General Placing Shares by Panmure Gordon pursuant to the Placing Agreement
“General Placing Shares”	the 3,500,000 new Ordinary Shares to be allotted and issued which are neither EIS Shares nor VCT Shares
“GRDF Capitalisation Agreement”	the agreement dated 17 August 2016 further details of which are set out at paragraph 10.2 of Part V of this document
“Grant Thornton”	Grant Thornton UK LLP, a limited liability partnership incorporated in England and Wales (registered number OC307742) and having its registered office at Grant Thornton House, Melton Street Euston Square, Euston, London, NW1 2EP
“Group” or “LoopUp Group”	the Company and its subsidiaries
“Growth Round Debt Facility” or “GRDF”	the deed created by Ring2 on 3 September 2012 as subsequently amended and novated to Pimco 2711 further details of which are set out at paragraph 10.1 of Part V of this document and, as the context requires, all sums due thereunder, being £10.1 million (\$13.2 million) as at 17 August 2016, being the latest practicable date prior to the date of this document
“IFRS”	International Financial Reporting Standards
“ISIN”	international security identification number
“Lock-in Agreements”	the lock-in agreements between the Company, Panmure Gordon and certain shareholders, summary details of which are set out in paragraph 10.5 of Part V of this document
“London Stock Exchange”	London Stock Exchange plc
“LoopUp”	the SaaS solution for remote meetings supplied by the Group
“LoopUp Revenue”	the Group’s revenue from the LoopUp product
“Management Concert Party”	Michael Hughes, Steve Flavell, Abdulkareem Siddiq, Robert Hughes, Simon Healey, Marcus Greensit and Alex Breen who the Takeover Panel consider to be acting in concert
“Nominated Adviser” or “Panmure Gordon”	Panmure Gordon (UK) Limited, a company incorporated in England and Wales (registered number 4915201) and having its registered office at One New Change, London EC4M 9AF
“Nominated Adviser and Broker Agreement”	the agreement between the Company and Panmure Gordon dated 18 August 2016 pursuant to which the Company has appointed Panmure Gordon to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies and for the purpose of making the application for Admission
“Official List”	the Official List of the UK Listing Authority

“Options”	rights to acquire Ordinary Shares as described in paragraph 6 of Part V of this document
“Ordinary Shares”	ordinary shares of 0.5 pence each in the share capital of the Company
“Pimco 2711”	Pimco 2711 Limited, a company incorporated in England and Wales (registered number 06423143) and having its registered office at 1st Floor 78 Kingsland Road, London E2 8DP which is a wholly owned subsidiary of Ring2
“Placees”	those persons who have agreed to subscribe for the Placing Shares
“Placing”	the conditional placing of the Placing Shares by Panmure Gordon, at the Placing Price pursuant to the Placing Agreement by way of the EIS Placing, the VCT Placing and the General Placing
“Placing Agreement”	the conditional agreement dated 18 August 2016 between the Company, the Directors and Panmure Gordon relating to the Placing summary details of which are set out in paragraph 10.3 of Part V of this document
“Placing Price”	100 pence per Placing Share
“Placing Shares”	the EIS Shares, the VCT Shares and the General Placing Shares
“Pounds Sterling”, “pence” or “£”	lawful currency of the United Kingdom
“Proposed Director”	Lady Barbara Judge
“Prospectus Rules”	the prospectus rules of the Financial Conduct Authority made under Part VI of the FSMA
“QCA”	the Quoted Companies Alliance
“Register”	register of members of the Company
“Reorganisation”	the share for share exchange effected in order that Ring2 became a wholly owned subsidiary of the Company, the redenomination of the shares in each of the classes of the existing shares in the capital of the Company into Ordinary Shares, the option for option exchange details each of which are set out at paragraph 4 of Part V of this document, and the re-registration of the Company as a public limited company
“Ring2”	Ring2 Communications Limited, a company incorporated in England and Wales (registered number 04677393) and having its registered office at 1st Floor 78 Kingsland Road, London E2 8DP which is a wholly owned subsidiary of the Company
“Scott Concert Party”	Andrew Scott, his wife Rhonda Scott and the Scott Family Trust, who the Takeover Panel consider to be acting in concert together with Zacando Foundation
“Scott Family Trust”	the Scott family trust, the trustees of which are Andrew Scott, his wife Rhonda Scott and Axiome Trustee Limited
“Shareholders”	the holders of the Ordinary Shares
“Subsidiary”	as defined in section 1159 of the Companies Act
“Takeover Code”	the City Code on Takeovers and Mergers published by the Takeover Panel
“Takeover Panel”	the Panel on Takeovers and Mergers
“TIDM”	tradable investment display mnemonic

“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
“USA” or “United States”	United States of America, each state of the United States and the District of Columbia, its territories and possessions
“US dollar” or “\$”	lawful currency of the United States
“VAT”	means value added tax
“VCT”	a company which is, or which is seeking to become, approved as a venture capital trust under Section 842AA of the UK Income and Corporation Taxes Act 1988
“VCT Placing”	the conditional placing of the VCT Placing Shares by Panmure Gordon pursuant to the Placing Agreement
“VCT Shares”	the 3,442,000 new Ordinary Shares to be allotted and issued to VCTs

PART I

INFORMATION ON THE GROUP

1. Overview

The LoopUp Group is a global software-as-a-service (“SaaS”) provider of remote meetings. Streamlined and intuitive, LoopUp is designed to eliminate common frustrations associated with conference calls to deliver a premium remote meeting experience for mainstream business users along with the quality, security, and reliability expected by global blue-chip enterprises. In FY2015, the Group achieved revenue of £10.1 million, gross profit of £7.5 million, and EBITDA of £1.0 million¹. Founded in 2003, the Group is headquartered in Shoreditch, London and has offices in San Francisco, New York, Boston, Hong Kong and Barbados, employing a total of 96 people².

Conference calling and remote meetings have become big business, forecast to account for 165 billion minutes of business activity in 2015. This figure was forecast to grow at 15% per annum, with the addressable market for outsourced conferencing services worth £4.7 billion in 2015³. However, while remote meetings have become an essential part of daily business, the typical user experience on these calls is generally perceived to be frustrating. Common frustrations include: issues with tracking down dial-in numbers and access codes; not knowing who has joined the meeting and who is speaking; distracting background noise; and difficulties sharing documents and presentations. A survey conducted in 2015 by Research Now found that business professionals waste approximately 13 minutes – roughly a third of a typical meeting – which amounts to approximately £14 billion⁴ of wasted time each year in the UK and US alone.

LoopUp is designed to address these frustrations and guide users to richer, more visual collaboration, resulting in a more productive and more secure meeting experience. The product emphasises simplicity and has been designed not to require user training, which the Directors believe is critical for ensuring effective and rapid user adoption and referral recommendation. The Group delivers the SaaS solution from four data centres in London, Chicago, Hong Kong and Sydney, and holds three patents for technology elements within the product which the Directors believe provide material competitive defensibility.

The Group has approximately 1,850 enterprise customers, including companies such as Alcatel-Lucent International, Cable & Wireless Communications, Traveler, Allied World, National Geographic, Planet Hollywood, Subaru, LateRooms.com, Permira and Kleinwort Benson. The Group benefits from a diverse customer base with the largest single customer representing just 3.6% of total FY2015 LoopUp Revenue. In FY2015, the Group generated 41% of LoopUp Revenue in the United Kingdom, 45% in the United States, 11% from continental Europe and 3% from the rest of world. The Directors believe that the Group's established revenue base in the United States is an important foundation for future growth as this geographic market accounts for over 59% of global demand.

LoopUp Revenue was £9.2 million out of the Group's total £10.1 million⁵ in FY2015, a 36% year-on-year increase from £6.75 million in FY2014, which in turn was a 37% year-on-year increase from £4.9 million in FY2013. LoopUp Revenue has grown quarter-on-quarter for the last 16 consecutive quarters⁶. Furthermore, the Group is acquiring new recurring revenue 25% more efficiently than the SaaS benchmark, and revenue from the Group's established base of customers is net growing – rather than eroding – at a rate of 6.7% per annum, which is 2.7 percentage points faster than the SaaS benchmark⁷.

The Group has developed its own team-based ‘Pods’ organisational structure for its new business acquisition activities. The Directors believe that this Pods structure is an important driver of the Group's efficient growth metrics and that the associated recruiting methodology, focus on process and team-based incentivisation scheme form a highly scalable and repeatable template for future growth. In FY2015, a typical Pod delivered annual recurring LoopUp Revenue growth of approximately £440,000⁸. The Directors also note that the Group's historic growth has been accomplished with little-to-no investment in inbound marketing.

Going forward, the Directors believe that the Group will continue to have the opportunity to disrupt the large, dissatisfied global conferencing market. The Group has conditionally raised £8.5 million (before expenses) by the issue of 8,500,000 Placing Shares at the Placing Price pursuant to the Placing. The net proceeds of

¹ FY2015 EBITDA excludes £84,000 of operating income relating to the release of an expired loan liability

² Employee numbers as at 30 June 2016

³ Wainhouse Research, 2015

⁴ Estimate derived from overlaying salary data from Bureau of Labor Statistics and Office of National Statistics

⁵ The balancing £0.9 million in FY2015 was from a 2008 licensing contract with BT which discontinues in 2016

⁶ Seasonally adjusting for effective business days per quarter

⁷ Pacific Crest SaaS Survey of 305 SaaS businesses, 2015

⁸ Company calculation based on typical ‘Pod’ team and metrics

the Placing are primarily intended to: (a) restructure the Group's balance sheet by reducing existing debt, which the Directors believe will further improve the Group's new business acquisition metrics; and (b) fund continued growth by: (i) increasing the number of new business Pods; (ii) introducing inbound digital marketing and creating an online sales channel; and (iii) further enhancing the product. In addition, the Directors expect that Admission will provide a public market for the Ordinary Shares, which will benefit its shareholders, and will enable the Company, if required, to access the capital markets to support its long-term strategic objectives.

2. History and Background

The Group was founded and incorporated as Ring2 Communications Limited in 2003 by Steve Flavell and Michael Hughes, current co-CEOs of the Group. Steve and Michael met at Stanford Graduate School of Business in the mid-1990s.

The business was transatlantic from the outset. Michael, based in San Francisco, focused on building the Group's initial product with a core technical group of former colleagues in Silicon Valley, including Abdulkareem Siddiq, Chief Architect. Meanwhile, Steve, based in London, focused on securing the Group's initial angel investment and finding early proof-of-concept customers via the founders' largely UK-based professional network.

The Group's initial product – the Ring2 Call Controller – achieved reasonable early market success with revenue of approximately £119,000 in the nine-month period from April to December 2005. However, while working on this product, the founders observed the adjacent market opportunity in conferencing and determined that the Group's technology could be leveraged to greater impact in that space.

In 2006, the Group entered the remote meetings market, trading as Ring2 Conferencing, and hired Alex Breen, current Executive Vice President of Product. At launch, the product was positioned as a conference calling service with enhanced visibility, security and control from a BlackBerry application, which the Directors believe was the first of its kind in the industry. The product sold from the outset and revenue grew at a CAGR of 16% over the next three-year period from 2006 to 2009. The Group found a natural market fit in professional services companies, where early BlackBerry adoption was high.

In 2008, the Group won a major licensing deal with BT for its conference management and application technology. While licensing has not proved to be the optimal long term business model for the Group, the Directors believe that the deal nevertheless brought significant credibility to the Group's general sales activities and drove early professionalisation of the Group's information security systems and processes. This discontinued licensing revenue stream brought total revenue of approximately £4.5 million into the business over its lifetime.

In mid-2008, the Group sought investment from new venture capital sources, with strong top-line growth at the heart of its investment case. However, the Directors believe that the credit crunch led many venture capital firms to retain funds for existing portfolio companies, and so the Group raised funds in 2009 from existing shareholders with a clear mandate to drive the business to profitability given the challenging financial market conditions.

By 2010, the Group had achieved operating profitability, albeit with slowed top-line growth at a CAGR of 25% over the 2009 to 2012 period. The Directors believe this was a key period during which the Group learned a great deal about the economics and efficiency drivers in the business, priming it for the next phase of growth.

On the back of shareholder debt investment since mid-2011, the Group hired Simon Healey, current Chief Financial Officer, from Zipcar, and opened a sales office in Boston (US) and an operations office in Hong Kong. In 2012, the Group rebranded to trade as 'LoopUp,' by which time the product had evolved into a SaaS audio and web remote meetings solution with differentiation across Microsoft Outlook and all mainstream mobile and web browser platforms. Also, in 2012, the Group opened an office in Barbados to support its regional Caribbean partnership with Cable & Wireless Communications, and re-hired Marcus Greensit, current Chief Operating Officer, with a mandate alongside Mr. Flavell to scale the Group's customer acquisition and retention activities.

In 2013, the Group introduced the highly successful 'Pods' sales structure, which has led LoopUp Revenue growth to accelerate to a CAGR of 36.7% from FY2013 to FY2015. In 2015, the Group hired KJ Nouri as Vice President of Engineering, opened a New York sales office, and was recognised with several awards including Tech City's Future Fifty, the Inc. 5000 in the US, and Red Herring Top 100 North America.

3. Key Strengths

Large market, rife with dissatisfaction

The Group operates in the market for outsourced conferencing services, which was forecast to be worth £4.7 billion in 2015, and was forecast to grow to £5.1 billion by 2018⁹. Of the 165 billion minutes¹⁰ that business professionals spend on remote meetings each year, a recent survey¹¹ by Research Now suggests that approximately 55 billion minutes¹² are wasted due to common frustrations such as tracking down dial-in numbers and access codes, not knowing who has joined the meeting and who is speaking, background noise, and difficulties sharing documents and presentations. That amounts to approximately £14 billion¹³ of wasted time each year in the UK and US alone.

The Directors believe that there is significant opportunity for the Group to take advantage of this large, dissatisfied market, and that LoopUp's track record of customer growth and user adoption demonstrates the market's readiness and appetite for a better approach.

Proven, patented product

LoopUp addresses common frustrations associated with conference calls and is designed to deliver a premium remote meeting experience that is more productive and more secure for mainstream business users. LoopUp emphasises simplicity rather than overwhelming users with specialist features. The product is designed not to require user training and, instead, to guide users to richer, more visual collaboration without compromising on the quality, security and reliability expected by global blue-chip enterprises. The Group holds three patents for technology elements within the product.

The Group's 1,850-strong enterprise customer base has engaged actively with LoopUp's differentiated capabilities. For example, new 2016-cohort users joined 72% of their meetings by having LoopUp call out to them rather than using the traditional method of 'dialing in' with access codes. Additionally, 76% of the 2016-cohort are active users of LoopUp's unique Microsoft Outlook add-in and/or mobile applications to schedule, join and control their remote meetings.

LoopUp has won numerous awards including Frost & Sullivan's 2015 European Conferencing Services Price/Performance Value Leadership Award, scoring 9 percentage points higher than the second-placed competitor.

Predictable and efficient growth

LoopUp Revenue has grown consistently year-on-year since launch in 2006, and average daily LoopUp Revenue¹⁴ has grown in each of the last 16 consecutive quarters. In FY2015, LoopUp Revenue grew 36% year-on-year, following 37% growth year-on-year in FY2014.

The Directors believe that, not only has growth been consistent, it has also been highly capital efficient. Every £1 invested in sales and marketing in FY2015 yielded £1.06 of first-year LoopUp Revenue, which is 25% more efficient than the SaaS industry benchmark of £0.85¹⁵. This first-year revenue then goes on to recur. The Group's customer loss rate of approximately 6% would suggest a theoretical average customer lifetime of approximately 16 years, although the Directors acknowledge that such a metric is subject to fast-moving influences in the world of software technology.

In addition, taking into account all losses, shrinkages and growths, LoopUp Revenue from all customers of at least one year old actually grew in net value in FY2015 rather than eroded – resulting in 'negative net churn'. This net growth was 6.7% compared with the SaaS industry benchmark of 4.0%¹⁶.

⁹ Wainhouse Research, 2015

¹⁰ Wainhouse Research, 2015

¹¹ 1,000-respondent survey in 2015, commissioned by LoopUp and conducted by Research Now

¹² Research Now, 2015 and Wainhouse Research, 2015

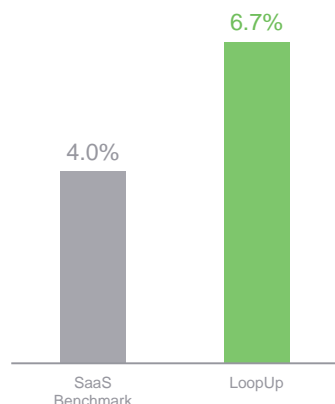
¹³ Estimate derived from overlaying salary data from Bureau of Labor Statistics and Office of National Statistics

¹⁴ Adjusted for quarterly business seasonality

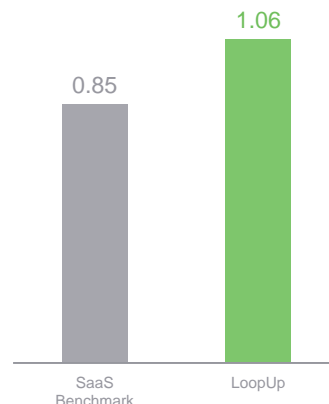
¹⁵ Pacific Crest SaaS Survey of 305 SaaS businesses, 2015

¹⁶ Pacific Crest SaaS Survey of 305 SaaS businesses, 2015

Net Revenue Growth in Customer Base > 1-Year Old (%)



Year-1 Revenue Growth from £1 Invested in Sales & Marketing (£)

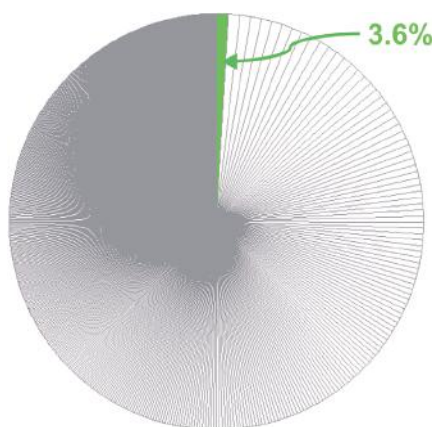


Diversified and international customer base

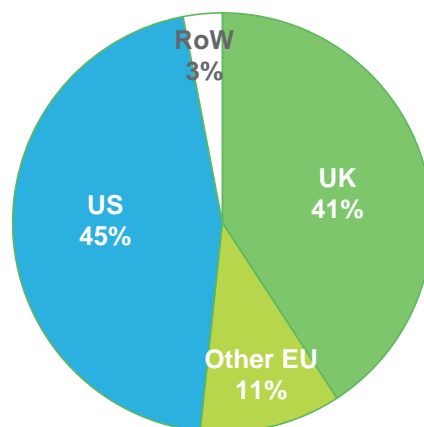
The Group benefits from a diverse revenue base with the largest single customer representing just 3.6% of total LoopUp Revenue. The top 100 customers account for 60% of LoopUp Revenue, the top 250 account for 78.5%, the top 500 account for 91%, and the top 750 account for 96%.

In FY2015, the Group generated 41% of LoopUp Revenue in the United Kingdom, 45% in the United States, 11% from continental Europe and 3% from the rest of world. The Directors believe that the Group's established revenue base in the United States is an important foundation for future growth as this geographic market accounts for over 59% of global demand, and that opportunistically acquired revenue in continental Europe presents an effective foothold for more proactive targeting and expansion in due course.

LoopUp Revenue Concentration by Customer (% of FY2015 total)



LoopUp Revenue by Geography (% of FY2015 total)



Experienced executive team and culture conducive to future scalability

The Group's executive team has been with the business for an average of nine years, and the original core technical team that started with the business in 2003 all still work with the Group. The Directors believe that the resulting trust, respect and passion for the Group's mission among the senior team permeates into the wider organisation.

The Directors and senior management team have considerable experience in the software and technology industry, as well as in managing high growth and public companies.

The Directors believe that, while product differentiation is the primary driver of the Group's market success, its policies and philosophy relating to recruitment, business process and team-based incentivisation are also important drivers of the efficiency and future scalability of the Group's growth.

The Group is ISO 27001 certified on a global basis for its information security and risk management across its people, processes and IT systems.

Opportunities for future growth and profitability

The Directors believe that the primary opportunity for the Group is to grow the number of new business acquisition Pods in existing core markets and potential new geographies, as they have demonstrated consistent and efficient performance since their introduction in 2013.

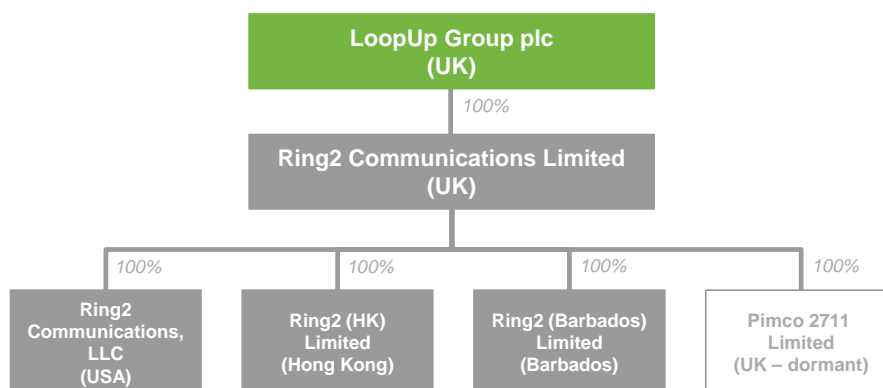
In addition, the Directors note that the Group has achieved its growth metrics to date with little-to-no investment in inbound lead generation and that business development to date has been driven by word-of-mouth, customer referrals and targeted outbound reach. The Directors therefore believe another opportunity is to introduce inbound marketing to increase brand awareness and engage decision-makers and end users. In conjunction, the Group is launching an online fulfilment channel where prospects will be able to trial LoopUp and sign up by credit card.

4. Business Description

Corporate structure

The Company was incorporated in 2016 as a new holding company for the Group. Ring2 Communications Limited, a wholly owned subsidiary of the Company, is the principal operating company. Ring2 is based in London with 33¹⁷ employees. Ring2 has the following wholly owned subsidiaries:

- Ring2 Communications, LLC – US operating company incorporated in Nevada with offices in San Francisco (46 employees), New York (six employees) and Boston (eight employees)
- Ring2 (HK) Limited – Hong Kong operating company with office and two employees in Hong Kong
- Ring2 (Barbados) Limited – Barbados operating company with office and one employee in Barbados
- PIMCO 2711 Limited – a dormant UK company



The LoopUp brand and its positioning

Unlike basic 'dial-in' audio conferencing services and feature-heavy web conferencing services, the Directors believe the Group has taken a fundamentally different approach when building LoopUp, guided by two core principles: first, that technology is incorporated only when it improves the mainstream user experience rather than for technology's sake; and second, wherever possible that users are naturally guided to such technology in a simple and clear way.

LoopUp is designed to be streamlined and intuitive, and to guide users to rich, more visual collaboration – from the patented 'call start alert' that notifies hosts when their first guest has joined, to the innovative 'LoopUp calls you' join method, to the clean user interface ("UI") that identifies guests by name and indicates who is speaking. LoopUp emphasizes quality over quantity when it comes to features and, as such, the product only includes capabilities that mainstream business professionals regularly use and want, like screen sharing, and aims not to require user training. This focus on usability ensures that business professionals can easily integrate LoopUp into their daily business activities.

¹⁷ Employee numbers as at 30 June 2016

The Directors also believe that, unlike competitive products, LoopUp offers a premium remote meeting experience by solving common frustrations and pain points that often plague conference calls and by anticipating users' needs as they move throughout the product. The Group aims to put customer satisfaction and delight at the heart of its product experience, and the Directors believe this is echoed in the Group's sales, support and account management activities.

The Directors observe that the typical LoopUp user is a discerning and time-strapped professional who regularly relies on remote meetings to conduct business-critical activities. LoopUp is designed to deliver value to this mainstream user by offering a call experience they can count on.

Examples of customer and analyst feedback that reflect this brand experience include:

"LoopUp has done to conferencing what Nest did to thermostats. It's conferencing reimaged – exactly how you wanted it to be, without knowing what you wanted."

Robin Murray, Partner, Adams Street Partners, Inc.

"LoopUp has changed our organization's mind on conference calls – it is simple to use yet slick, stable with fantastic customer service."

Michael Walsh, Global Markets COO, Allied World Assurance Company

"LoopUp has far exceeded my expectations – a global service that is convenient, quick and intuitive. This has made conferencing a whole lot easier for all users."

Ian Stewart, Telecommunications Specialist at Travelex

"LoopUp's expanding customer base is testament to the fact that customers increasingly prefer simple-to-use conferencing solutions that are feature fit-for-purpose, rather than feature over-heavy."

Frost & Sullivan

Product

The Group's product – LoopUp – is a SaaS solution for everyday remote meetings that aims to deliver a best-in-class experience for mainstream business professionals. LoopUp is designed to eliminate common frustrations associated with conference calls, and facilitate a premium remote meeting experience that is more productive and more secure for mainstream business professionals. LoopUp is simple to deploy and use, and delivers the quality expected by demanding enterprises. The product is designed to not require user training.

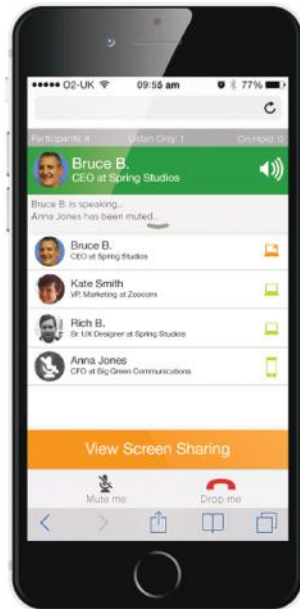
LoopUp guides users to richer, more visual collaboration, rather than overwhelming users with specialist features that distract from the core meeting experience.

For hosts, the typical LoopUp meeting involves:

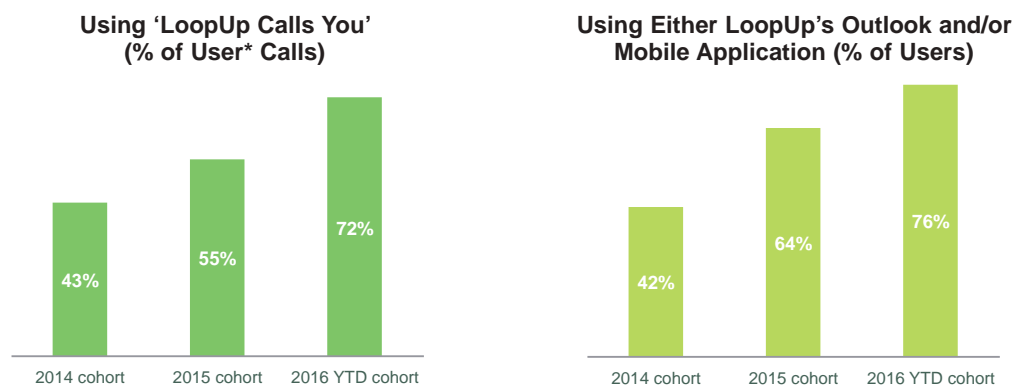
- Ability to create a meeting invite directly from Microsoft Outlook in two clicks
- A 'call start alert' to their desktop and mobile/tablet devices as soon as their first invited guest joins the meeting
- The call start alert guides them to a real-time readout of all guests on the meeting, with integration into public LinkedIn profiles
- LoopUp calls out to them on the phone of their choice when they are ready to join, rather than requiring them to dial in with access codes
- Ability to identify who is speaking at any given moment
- Ability to identify who has distracting background noise and mute their line
- For larger meetings, ability to put all guests on mute
- Ability to click-to-record, on demand
- Ability to quickly and easily share their screen with guests at any moment, during any meeting, with a single click of a button
- Ability to allow other guests to share their screen at the host's discretion

For guests, the typical LoopUp meeting involves:

- Click-to-join the meeting from a link in the invite;
- Enter their name and phone number (which is remembered for future use) and LoopUp calls out to them; and
- The same meeting visibility as the host, but without the host's control rights.



The streamlined, minimum-training-required design of the product has led to LoopUp's differentiated capabilities being highly adopted. For example, new 2016-cohort users (hosts) joined 72% of their meetings by having LoopUp call out to them rather than using the traditional method of 'dialing in' with access codes, an increase of 17 percentage points over the 2015-cohort. Additionally, 76% of 2016-cohort are active users of LoopUp's unique Microsoft Outlook add-in and/or the LoopUp mobile applications to schedule and join their remote meetings, an increase of 12 percentage points over the 2015-cohort.



**User is equivalent to a LoopUp meeting host.*

LoopUp is designed for enterprise use, as remote meetings are a mission-critical business tool for many companies. Quality and reliability are prioritised in design and operational choices. There are dedicated tools for account administrators to manage the overall enterprise account, including capabilities such as adding and removing users, and monthly invoice data that is analysed by user, call, geography, office, billing code and which can be integrated into other corporate systems. Similarly, there are dedicated tools for personal assistants, which enable them to prepare and send invites directly from Outlook on behalf of one or more LoopUp account holders.

LoopUp has won numerous awards including Frost & Sullivan's 2015 European Conferencing Services Price/Performance Value Leadership Award, scoring 9 percentage points higher than the second-placed competitor.

Customers and revenue model

The Group has a customer base of approximately 1,850 enterprises, including Alcatel-Lucent International, Cable & Wireless Communications, Travelex, Allied World, National Geographic, Planet Hollywood, Subaru, LateRooms.com, Permira and Kleinwort Benson, with a geographic distribution by FY2015 revenue of 41% UK, 45% US, 11% rest of Europe and 3% rest of world.

The Group targets two main customer types:

- Mid-to-large enterprises across a broad range of sectors; and
- Small-to-medium companies specifically in professional services verticals such as finance, law and consulting.

LoopUp is offered on both a pay-as-you-go and monthly subscription licence basis. The predominant pay-as-you-go model charges companies based on usage for meetings hosted on post-paid 30-day terms and represents 98.4% of LoopUp Revenue. The pay-as-you-go model is preferred in the market and by the Group, as the Directors believe it is well aligned with Group's product-differentiated value proposition.

Distribution

The Group operates its own 'Pods' organisational structure for its new business acquisition activities. There are currently six Pods, two in London, two in San Francisco, one in New York and one in Boston. A typical Pod comprises a mix of business development (three), sales (two) and account management (one) members. Bonus payments are made solely on each Pod's – rather than individual – performance, solely based on recurring revenue growth.

The Directors believe that this structure contributes to the superior growth efficiency metrics described in the Key Strengths section above (see paragraph 3 of Part I of this document). Business development Pod members are incentivised only to seek qualified opportunities with genuine target market revenue potential. Similarly, sales Pod members are incentivised only to close accounts with genuine target market revenue potential.

All but two of the Group's 37 Pod members¹⁸ were hired via new graduate recruitment channels and, as such, the supply of future recruits for further Pod scaling is both plentiful and cost effective. All six Pods work to highly consistent, proven and efficient methods and processes, tightly integrated into the Group's CRM platform. In FY2015, a typical Pod delivered new year-1 LoopUp Revenue growth of approximately £440,000¹⁹.

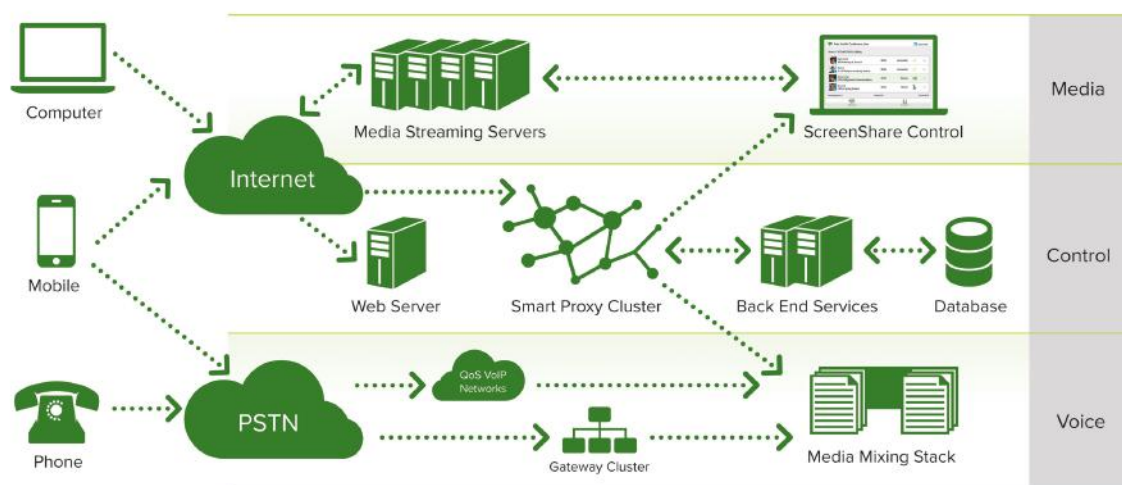
Currently, the Group does not make a material investment in inbound lead generation marketing, which the Directors believe should further enhance growth and efficiency metrics when introduced.

Technology and intellectual property

Core to the LoopUp technology and architecture is the separation of the mixing of media streams (voice and data) from the control and management of those media streams. This separation allows the most fit-for-purpose devices and user interfaces (e.g. mobile, tablet and web browser apps) to be used for multi-party visibility and control, and also means that any interruption on the control side of the system (e.g. loss of data connection on a smartphone) has no associated impact on the core voice conversation of the meeting.

¹⁸ Employee numbers as at 30 June 2016

¹⁹ Company calculation based on typical 'Pod' team and metrics



LoopUp's media mixing, control and management systems are hosted in the Group's data centres, and also handle service layers including: the provisioning and authentication of users; the rating and billing of sessions; the management of user details; and meeting preferences together with various other web services for the management of accounts.

The Group holds three patents for technology elements within the product. One patented component of the LoopUp technology is the proprietary 'smart proxy' server architecture and custom protocols that facilitate highly responsive and data-optimised communications between LoopUp control systems and end user mobile devices. This technology enables effective use of the LoopUp mobile and tablet applications even in limited bandwidth environments and without materially detrimental impact on device battery life.

Another patented component is the notification engine that alerts a meeting host to their desktop, smartphone and tablet as soon as their first guest joins the meeting. This protected intellectual property is central to the LoopUp philosophy of guiding users toward helpful capabilities just when they are most likely to need them. Not only does the notification provide a timely reminder to the host that their meeting is starting, but it also guides the host – with one click – into LoopUp's web or mobile control application, where that host benefits from seeing who has joined and has helpful controls over the meeting.

Key licensed/outsourced components of LoopUp are:

- Licensed media mixing software (the modern equivalent of a specialist switch for multi-party sessions) licensed from Alcatel-Lucent Enterprise (France); and
- Outsourced capabilities for LoopUp screen sharing sessions from ScreenLeap (US).

Product Development

The Group's R&D and product development work is based out of its San Francisco office and includes five product staff, 13 engineering staff, and five quality assurance staff²⁰. The Group also works with an engineering outsourcing company in Indonesia, PT Errai Pasifik, which is owned and managed by a former Group employee from San Francisco since 2003.

Product development activities are organised into the following three teams: a platform team, features team and service layers team (e.g. provisioning, rating, billing and other tools).

Operations

LoopUp is delivered from strategically-located regional data centres in London, Chicago, Hong Kong and Sydney. Each data centre is co-located with industry-leading hosting partners – Equinix and Level 3 – with access to multiple tier-1 telephony and data service providers for service quality and continuity. The Group's telephony suppliers include Colt, Verizon, Daisy, CenturyLink, PCCW Global and Telstra.

The Group's customer success team comprises customer support and major account management teams. Customer support is operated entirely in-house from three regional support centres in London, San Francisco and Hong Kong, and "follows the sun" to facilitate "365 x 24" coverage. The team is managed and trained as a single operational unit with live cases actively handed over between geographies three times per day for

²⁰ Employee numbers as at 30 June 2016

premium customer service. The major account management team is split between London, San Francisco and Boston.

5. The Industry

Market size and opportunity

The Group operates in the market for outsourced conferencing services, which accounts for 165 billion minutes by volume in 2015 and was worth £4.7 billion in 2015, and is forecast to grow to £5.1 billion by 2018²¹.

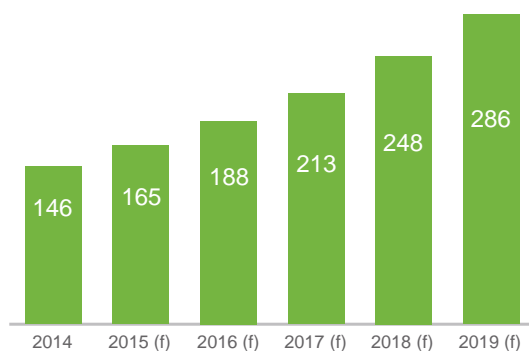
However, while remote meetings have become an essential part of daily business life, the typical user experience is widely regarded as frustrating. Common frustrations include issues tracking down dial-in numbers and access codes, not knowing who has joined the meeting and who is speaking, background noise, and difficulties sharing documents and presentations.

A 2015 survey²² found that professionals waste roughly 13 minutes – approximately one third – of the average conference call due to these frustrations, amounting to approximately £14 billion of wasted time each year in the UK and US alone.

A 2014 YouTube sketch published by Tripp and Tyler titled, 'A Conference Call in Real Life,' parodied these frustrations and the resulting wasted time. The video went viral and has received over 13 million views to date (<http://bit.ly/27GMnZn>).

The Directors believe that there is significant opportunity for the Group to take advantage of this large, dissatisfied market, and that LoopUp's track record of customer growth and user adoption demonstrates the market's readiness and appetite for a better approach.

**Time Spent Globally on Remote Meetings
(Billions of Minutes)²³**



Market segmentation and competition²⁴

The market can be segmented by product type in 2015 as follows:

- 1) Audio conferencing services, which was forecast to account for 54.1% of the market and forecast to lose share to 47.5% by 2019. Leading players in this largest segment include InterCall, AT&T, BT, PGI, Verizon and Arkadin;
- 2) Cloud/SaaS web conferencing products, which was forecast to account for 34.7% of the market and forecast to retain share at 34.8% by 2019. Leading players in this segment include Cisco (WebEx), Citrix (GoToMeeting), and Adobe (Connect); and
- 3) Conferencing capabilities that are found within unified communications products, which account for 11.2% of the market, forecast to increase share to 17.6% by 2018. Leading players include Microsoft (Skype for Business) and Cisco, Avaya, Alcatel-Lucent International and Mitel.

²¹ Wainhouse Research, 2015

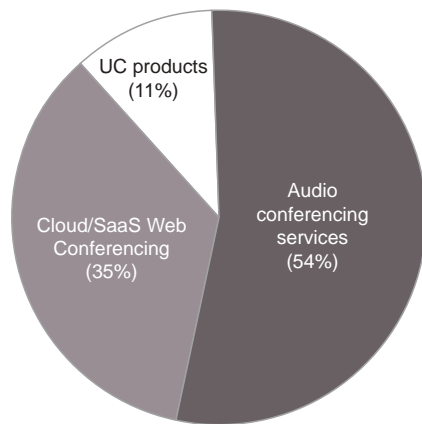
²² 1,000-respondee survey in 2015, commissioned by LoopUp and conducted by Research Now

²³ Wainhouse Research, 2015

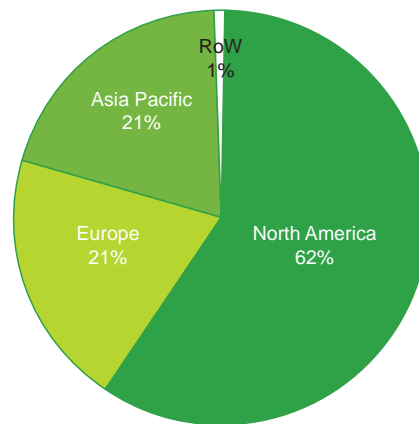
²⁴ All data in this section from Wainhouse Research, 2015

Geographically, North America accounts for 62% of the market, Europe 21%, Asia Pacific 16% and the rest of world 1%. More specifically, the United States accounts for 95% of the North American market (and so 59% of the global market), and the United Kingdom accounts for 51% of the European market²⁵.

**Market Segmentation
by Product Type (% of Value)²⁶**



**Market Segmentation
by Geography (% of Value)²⁷**



How LoopUp competes

By design, the LoopUp SaaS solution does not neatly fit into the above market segmentation, but rather straddles the cloud/SaaS and audio conferencing segments. The Directors believe that LoopUp's ability to provide a single, seamlessly-integrated remote meetings solution (rather than separate solutions for the audio and web components of a meeting) offers a competitive advantage against both segments of the market.

The Directors observe that:

- 1) while legacy dial-in audio conferencing products achieve high adoption in a typical enterprise deployment due to the simplicity of sending out a dial-in number and access code, the typical user experience that follows is fraught with time-wasting and security-threatening frustrations;
- 2) while feature-loaded web conferencing products may provide an enhanced meeting experience for those who are comfortable using them, user training is generally perceived to be necessary to gain comfort with these products and, as such, adoption is substantially lower in a typical enterprise. In fact, 82% of conference callers say they would do more online-based web conferencing if it were as easy as the practical alternative of 'emailing out the slides'²⁸.

By contrast, LoopUp is designed to guide users to richer and more visual collaboration.

Starting with the conversation – the central tenet of most remote meetings – LoopUp is designed to guide users naturally to a helpful and intuitive web page or mobile application that solves the frustrations of legacy audio conferencing. With users' eyes on screens, LoopUp then is designed to guide users naturally to essential mainstream web conferencing capabilities, such as the ability to share their screen with a single click.

The Directors believe that it is this product philosophy of 'naturally guiding' users to richer, more value-added capabilities – rather than requiring end user training – that underpins LoopUp's user engagement and adoption rates.

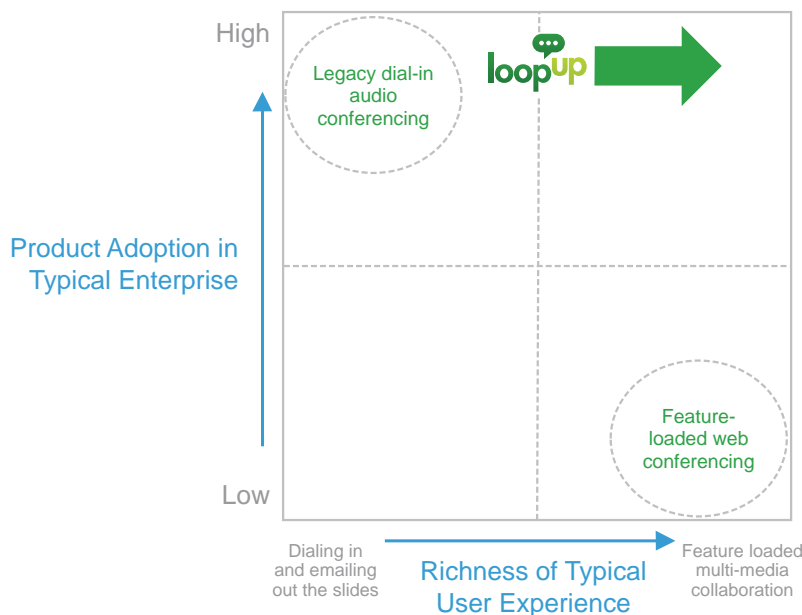
²⁵ Wainhouse Research, 2014

²⁶ Wainhouse Research, 2015

²⁷ Wainhouse Research, 2014

²⁸ All data from 2015 Research Now survey to 1,000 respondents

LoopUp's Competitive Landscape²⁹



6. Strategy

The Directors believe that the Group is well positioned to pursue a growth strategy as outlined below:

- **Expansion of existing, proven distribution engine**

The Group has demonstrated consistent and efficient revenue growth with its Pods structure, recruiting methodology and incentivisation scheme. The Directors plan to increase investment in this engine through the creation of more Pods in both the Europe and North America. These Pods will be created through the Group's established practice of recruiting new graduates, which is cost-effective and easy to scale. The Directors plan to increase the number of Pods from six currently to eight in 2017 and 11 in 2018.

- **Investment in Inbound Marketing**

To date, the Group has made no material spend on inbound lead generation marketing. New business has been generated through customer referrals, word-of-mouth, and targeted outreach to prospects. The Directors plan to introduce inbound marketing, with an emphasis on digital channels, to increase brand awareness and generate engagement with both decision-makers and targeted line-of-business end users. The Directors plan to recruit marketing specialists with experience in digital marketing, content creation and customer acquisition, and the marketing team will work alongside the sales and executive teams in the Group's London headquarters.

- **Online Distribution**

The Group plans to increase access to the product by making LoopUp available online via the Group's corporate website. The product will be advertised at varying package levels with set pricing, making it easy for interested prospects to both trial and purchase the product without needing to interact with the Group's direct sales team. The Directors believe this will increase use of the product by providing an acquisition channel for segments that are not currently targeted via direct sales, as well as help the sales team identify lucrative opportunities for, and 'land and expand' into, larger target market deals.

- **Continued Product Development**

In line with the Group's mission to deliver a premium, best-in-class remote meeting experience, the Directors plan to continue investing in product enhancements and new capabilities that support a premium remote meeting experience and in platform and network operations that scale in line with the Group's growth ambitions. This continued innovation, however, will never be introduced to the detriment of enterprise quality and reliability, and will always take care to preserve core product

²⁹ Illustrative only and Directors' views

simplicity and a guiding, streamlined, anticipative philosophy to product design that inspires broad user adoption without the need for user training.

7. Current Trading and Prospects

The Group's trading in the period since 31 December 2015 has been encouraging and in line with directors expectations. The trajectory of LoopUp Revenue growth has remained consistent with that seen in FY2014 and FY2015 and, during the first six months of 2016, the Group has signed up over 200 new customers. This number includes two major account wins, which based on their historic usage profiles, have the potential to become the Group's largest customers once their revenue potential has fully scaled through the Group's pay-as-you-go operating model.

As such, the Directors believe that prospects for FY2016 remain positive and supportive of the Group's stated growth plans and goals, as well as enabling the Group to pay down its remaining debt as soon as possible.

8. Historical Trading

The following financial information for Ring2 for the years ended 31 December 2013 to 31 December 2015 has been derived from the financial information contained in Part III of this document prepared in accordance with IFRS, and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	2015	2014	2013
Year ended 31 December	£000	£000	£000
LoopUp Revenue	9,204	6,754	4,924
<i>Growth</i>	36.3%	37.2%	NA
Other revenue	901	1,248	1,125
Total revenue	10,105	8,002	6,049
Gross profit	7,525	5,832	4,373
<i>Gross profit margin</i>	74.5%	72.8%	72.2%
EBITDA ³⁰	1,024	339	(899)
	2015	2014	2013
As at 31 December	£000	£000	£000
Total assets	6,353	4,856	4,160
Net debt ³¹	7,745	5,072	3,016

9. Unaudited Pro Forma Statement of Net Assets of the Group

Part IV of this document contains an unaudited pro forma statement of net assets of the Group, which illustrates the effect on the net assets of the Group after giving effect to the Reorganisation to illustrate the effect of receipt of the net proceeds of the Placing and the repayment of part of the Shareholder Debt Facility on the Group's net assets as if the Reorganisation, the Placing and repayment of the GRDF has been completed on 31 December 2015.

On a pro forma basis and assuming that such events were to have been all completed on 31 December 2015, the Group would have had net assets of approximately £8.7 million, as at that date. The Group intends to reduce the GRDF and associated interest immediately after Admission with part of the Placing proceeds. This has been illustrated in the unaudited pro forma statement of net assets based on the amount outstanding at 31 December 2015 of £7.7 million. The actual amount outstanding is estimated to be approximately £10.1 million (\$13.2 million), given material exchange rate movements, further accumulated interest, and \$1.1 million further drawdowns during 2016.

³⁰ EBITDA in FY2015 excludes £84,000 of operating income relating to release of loan liability

³¹ Including accrued interest on debt based on exchange rate conversion as at each balance sheet date

10. Details of the Directors and Senior Management

Summarised biographies of the Directors and Senior Management and details of their roles, including the principal activities performed by the Directors outside the Group, are set out below.

Board of Directors

Stephen (“Steve”) Graham Flavell, Co-Chief Executive Officer, Age 48

Steve co-founded LoopUp alongside co-CEO Michael Hughes. Based in London, Steve oversees global commercial activities and is accountable for setting and delivering the Group's financial plan. Prior to LoopUp, Steve was EVP and main board director at GoIndustry, an online industrial auctioneering platform. As part of its founding team, Steve was involved in GoIndustry's organic growth and several acquisitions. Previously, Steve spent five years in strategy consulting with Monitor Company and Mars & Co, and two years with Mobil Oil. Steve has an MBA from Stanford and MEng from St. John's College, Cambridge.

Thomas Michael (“Michael”) Hughes, Co-Chief Executive Officer, Age 48

Michael co-founded LoopUp alongside co-CEO Steve Flavell. Based in San Francisco, Michael oversees the Group's product development, engineering and network operations worldwide. Prior to LoopUp, Michael was a founding member and CEO of Pagoo, a pioneering VoIP company, overseeing the company's expansion into Europe and Asia. Prior to Pagoo, Michael was a strategy consultant with Monitor. Michael has an MEng from Imperial College, an MBA from Stanford as an Arjay Miller Scholar, and was awarded a Sainsbury Management Fellowship by the Royal Academy of Engineering.

Simon Peter Healey, Chief Financial Officer, Age 42

Based in London, Simon oversees all global financial operations. Prior to LoopUp, Simon was Financial Controller at Streetcar, which sold to Zipcar in 2011. Previously, he was Financial Controller at Research Now and was involved in the company's listing on AIM. Simon is a Chartered Accountant who trained with KPMG, and holds a degree in Accountancy from the University of Birmingham.

Lady Barbara Judge CBE, Independent Non-executive Chairman, Age 69

Lady Barbara Judge is Chairman Emeritus of the UK Atomic Energy Authority (UKAEA), Chairman of the Pension Protection Fund, and UK Business Ambassador on behalf of UK Trade & Investment. In May 2015, she was named as the first female chair of the Institute of Directors. Lady Barbara Judge is best known to UK tech investors for serving on the board of IT company Axon plc prior to its take-over. In 2010, Lady Barbara Judge was appointed Commander of the Order of the British Empire.

Barmak Meftah, Independent Non-executive Director, Age 47

Barmak is a 20-year technology industry veteran and currently President & CEO of AlienVault. Prior to AlienVault, Barmak served as Vice President of the Enterprise Security Products division at HP, which acquired Fortify Software, an information security provider where Barmak was Chief Products Officer. Barmak has also served in several senior management roles at Synchron and Oracle Corporation. He also serves on various technical advisory boards and is a limited partner and advisor to a number of venture capital funds.

Michael (“Mike”) Eugene Reynolds, Independent Non-executive Director, Age 63

Mike most recently held the position of EVP at Syniverse Technologies, before which he served as CEO of 2degrees Mobile. Prior to 2degrees Mobile, Mike spent seven years as President at Singapore-listed network operator, StarHub, where he was responsible for the day-to-day operations of 2,800 employees and US \$1.4 billion of revenue. Previously, Mike spent 24 years at BellSouth, which included appointments as President of BellSouth China and CEO of BellSouth International Wireless Services.

Nicolas (“Nico”) Robert Goulet Wright, Non-executive Director, Age 50

Nico is currently a managing partner at Adara Ventures, Nico has managed venture capital funds for the last 15 years. During this period, he has been actively involved with more than 25 early stage ventures and served on the board of 21 companies, totalling more than 95 years of board membership in early stage ventures. Prior to his VC involvement he was a partner at Monitor Company, where he gained experience consulting for global companies in technology intense sectors. Early in his career he worked at Andersen Consulting on the development of proprietary methodologies for the management of Research & Development. Nico has obtained a BSc degree (Aerospace Engineering) from the École Centrale de Paris, an MSc (Aeronautics & Astronautics) from MIT and an MBA from INSEAD.

Senior Management

Marcus Hugh Greensit, Chief Operating Officer, Age 43

Based in London, Marcus is responsible for global commercial operations, including the global new business acquisition and customer success teams. Marcus joined LoopUp in 2004 and held various management positions before taking three years out as Managing Director of a family records management company, which became the largest independent player in the North East before selling to Restore Plc and re-joining the Group in 2012. Previously Marcus was a Business Process Manager at GoIndustry, the online industrial auctioneering platform. Marcus holds a Bachelor of Science in Agriculture and Hons Business Management from the University of Newcastle-upon-Tyne.

Alexander ("Alex") Abraham Breen, Executive Vice-President Product, Age 41

Based in San Francisco, Alex is responsible for the LoopUp product. Prior to joining LoopUp in 2006, Alex held product management positions at Symantec Corporation, Veritas Software, Amazon.com and Pagoo, and was previously a strategy consultant with Monitor Group. He holds an MBA from Harvard Business School, where he graduated with distinction, and BA from Stanford.

Abdulkareem Aleem Siddiq, Chief Architect, Age 45

Based in San Francisco, Abdulkareem is responsible for LoopUp's overall product architecture and design. Prior to LoopUp, he was Chief Architect at Pagoo. Abdulkareem previously held architecture and engineering positions at Octane Software and Global Communications Solutions and Atari Corporation.

Koorosh ("KJ") Nouri, Vice-President, Engineering, Age 50

Based in San Francisco, KJ oversees the Company's engineering team. Prior to LoopUp, KJ managed the Consumer Engagement Engineering teams at Opower. Previously, KJ held senior engineering positions at HP, Fortify Software (acquired by HP in 2010), and Hyperion Solutions (acquired by Oracle in 2007).

Dmitry Anatolievich Martynkin, Vice-President, Network Operations, Age 36

Based in San Francisco, Dmitry is responsible for the Group's network operations and platform performance across its global data centres. Prior to LoopUp, Dmitry held engineering roles at Fortune 100 organisations such as Wells Fargo. Dmitry has a degree from Saint Petersburg State University.

11. Corporate Governance

The Directors recognise the importance of sound corporate governance and confirm that although compliance with the UK Corporate Governance Code is not compulsory for AIM companies, following Admission, they intend to comply with the QCA Corporate Governance Guidelines, (as devised by the QCA in consultation with a number of significant institutional small company investors), to the extent appropriate and practicable for a company of its nature and size. Following Admission, the Board will comprise seven Directors of which three are executives and four non-executives, reflecting a blend of different experience and backgrounds. The Board considers three of the four non-executives to be independent.

Following Admission, the Company will continue to have co-CEOs with Michael based in the San Francisco office, focused on product development and network operations, and Steve based in the London office, focused on global commercial activities and investor relations.

Following Admission, the Board will meet regularly to review, formulate and approve the Group's strategy, budgets, and corporate actions and oversee the Group's progress towards its goals. In accordance with best practice, the Company has established audit, remuneration and nomination committees with formally delegated duties and responsibilities and with written terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises.

Audit committee

The audit committee will assist the Board in discharging its responsibilities, within agreed terms of reference, with regard to corporate governance, financial reporting and external and internal audits and controls, including, amongst other things, reviewing the Group's annual financial statements, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board. Membership of the Audit Committee comprises Mike Reynolds, Barmak Meftah and Nico Goulet and it is chaired by Mike Reynolds. The audit committee will meet formally not less than two times every year and otherwise as required.

Remuneration committee

The remuneration committee is responsible, within agreed terms of reference, for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Executive Directors. This includes agreeing with the Board the framework for remuneration of the Executive Directors, the company secretary and such other members of the executive management of the Group as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Executive Director including, where appropriate, bonuses, incentive payments and share options. No Director may be involved in any decision as to their own remuneration. The membership of the remuneration committee comprises Mike Reynolds, Steve Flavell and Barmak Meftah and the committee is chaired by Mike Reynolds. The remuneration committee will meet not less than twice a year and at such other times as the chairman of the committee shall require.

Nomination committee

The Nomination Committee will have responsibility for reviewing the structure, size and composition of the Board and recommending to the Board any changes required, for succession planning and for identifying and nominating for approval of the Board candidates to fill vacancies as and when they arise. The Committee is also responsible for reviewing the results of the Board performance evaluation process and making recommendations to the Board concerning suitable candidates for the role of senior independent director and the membership of the Board's committees and the re-election of Directors at the annual general meeting. The membership of the Nomination Committee comprises Mike Reynolds, Steve Flavell and Barmak Meftah and the committee is chaired by Mike Reynolds. The nomination committee will meet not less than once a year and at such other times as the chairman of the committee shall require.

12. Reasons for Admission and Use of Proceeds

The Directors believe that Admission will be an important step in the Group's development and will assist in achieving its growth and profitability ambitions.

The Directors intend to use the net proceeds of the Placing of approximately £7.5 million receivable by the Company as follows:

- Approximately £3.1 million to reduce existing shareholder debt to create a strengthened balance sheet. Further details of the pro forma net assets are set out in Section B of Part IV of this document; and
- Approximately £4.4 million to drive continued business growth by expanding the number of Pods, introducing inbound lead generation marketing, and continuing to innovate the LoopUp product.

In addition, the Directors expect that the Placing and Admission will provide a public market for the Ordinary Shares, which will benefit employee shareholders, and will enable the Company, if required, to access the capital markets to support its strategic objectives.

13. The Placing

The Placing comprises the issue of up to 8,500,000 Placing Shares by the Company representing approximately 20.8% of the Enlarged Share Capital and will raise £8.5 million gross of expenses (approximately £7.5 million net of expenses) for the Company. On Admission, it is expected that the Company will have a market capitalisation of approximately £40.8 million at the Placing Price.

The Placing Shares will be allotted and issued in three separate tranches to assist investors seeking to benefit under EIS and VCTs.

EIS Shares will be offered to those investors seeking to claim EIS relief in relation to their subscription, VCT Shares will be offered to VCTs and the remaining Placing Shares, being the General Placing Shares, will be offered to those investors who are neither seeking EIS relief nor are VCTs.

The issue of the EIS Shares and the VCT Shares is conditional, among other things, upon the Placing Agreement not having been terminated in accordance with its terms. EIS and VCT investors should note that it is intended that the Company will issue the EIS Shares and VCT Shares on 23 August 2016, being the day before the expected date of Admission and, accordingly, issue of the EIS Shares and VCT Shares is not conditional upon Admission.

The placing of the General Placing Shares is conditional, among other things, upon the Placing Agreement becoming unconditional (including Admission taking place at 8.00 a.m. on 24 August 2016 or such later time and/or date as Panmure Gordon and the Company may agree, not being later than 5.00 p.m. on 9 September 2016) and not having been terminated in accordance with its terms prior to Admission. It is intended that the

Company will allot and issue the General Placing Shares on 24 August 2016, being the expected date of Admission.

Panmure Gordon has, as agent for the Company pursuant to the Placing Agreement, conditionally agreed to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price. The Placing Shares will be placed with institutional investors introduced by Panmure Gordon.

The Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Share Capital.

The Placing Agreement contains provisions entitling Panmure Gordon to terminate the Placing prior to Admission becoming effective. If this right is exercised, the Placing will lapse (though the EIS Shares and the VCT Shares will, if they have been issued by that time, remain in issue). The Placing has not been underwritten by Panmure Gordon. Further details of the Placing Agreement are set out in paragraph 10.3 of Part V of this document.

14. Dividend Policy

The Company is primarily seeking to achieve capital growth for its Shareholders and it is the Board's intention during the current phase of the Company's development to retain future distributable profits and only recommend dividends when appropriate and practicable. In the long term, the Directors intend to follow a progressive dividend policy in respect of excess equity over and above that required to optimally fund the development and growth of the Company.

15. Share Dealing Code

The Company has adopted, with effect from Admission, a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM and the Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees.

16. Share Incentive Arrangements

The Board recognises the importance of ensuring that employees of the Company, and key individuals who hold office and/or provide services to the Group, are effectively and appropriately incentivised. The Company operates two employee share option plans – a UK tax-advantaged EMI plan (the "EMI Plan"), and a non-tax advantaged share option plan (the "USOP"). In addition, the Company grants options from time to time to key non-employees of the Group under separate non-employee option contracts (together with the EMI Plan and the USOP, the "Share Option Schemes").

Awards made under the Share Option Schemes are a right to acquire a certain number of shares in the Company in future, subject to the continued employment and/or office of the individual. The Board believes that the Share Option Schemes are an effective mechanism to incentivise key members of the Company, and intends to continue to grant awards under the Share Option Schemes, or other suitable share ownership schemes, in the future.

Following Admission, the total number of Ordinary Shares under option will be 4,407,106, representing approximately 10.8% of the Enlarged Share Capital. The average strike price of these options is 69.4 pence each.

The maximum number of Ordinary Shares that may be made available under the Share Option Schemes or any other option plan, will not exceed 15% of the Company's issued share capital.

Additional information on the Share Option Schemes is set out in paragraph 6 of Part V of this document.

17. Lock-in and Orderly Market Arrangements

The Directors and certain other Existing Shareholders who, at Admission, hold in aggregate 30,971,192 Ordinary Shares (representing approximately 75.94% of the Enlarged Share Capital) have undertaken, save in limited circumstances, not to dispose of any of their interests in Ordinary Shares at any time prior to the first anniversary of Admission.

In addition, in order to ensure an orderly market in the Ordinary Shares the Directors have further undertaken, in respect of themselves and each of their connected persons, that for a further period of 12 months thereafter they will not (subject to certain limited exceptions) deal or otherwise dispose of any such interests other than through Panmure Gordon (or such other broker appointed by the Company from time to time).

In addition, certain individuals and employees who hold Options have undertaken, save in limited circumstances, in similar terms in respect of Ordinary Shares they may acquire through the exercise of those Options.

Further details of the lock-in arrangements are set out in paragraph 10.5 of Part V of this document.

18. Admission, Settlement and Dealings

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 24 August 2016.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB.

The ISIN of the Ordinary Shares is GB00BYQP6S60. The TIDM is LOOP.

19. EIS and VCT status

VCT Scheme

The Board has received advanced assurance from HMRC that the Company may be regarded as a “qualifying holding” under Chapter 4, Part 6 of the Income Tax Act 2007 for the purposes of investment by VCTs. The continuing status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, inter alia, on the Ordinary Shares being held as a “qualifying holding” for VCT purposes throughout the period of ownership.

Neither the Company nor the Directors give or have given any warranty, representation or undertaking that any VCT investment in the Company will remain a qualifying holding.

EIS

The Board has received advanced assurance from HMRC that it would be able to authorise the Group to issue certificates under section 204(1) of the Income Tax Act 2007 in respect of Ordinary Shares issued to individuals, following receipt from the Company of a properly completed compliance statement (EIS 1 form) within the prescribed time limit stipulated in section 205(4) of the Income Tax Act 2007. The continuing status of the Ordinary Shares as qualifying for EIS purposes will be conditional on the qualifying conditions being satisfied throughout the relevant period of ownership. Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of EIS shares will remain a qualifying investment for EIS purposes. EIS eligibility is also dependent on a Shareholder’s own position and not just that of the Company. Accordingly, prospective investors should take their own advice in this regard.

20. Taxation Information for Investors

The attention of investors is drawn to the information regarding taxation which is set out in paragraph 13 of Part V of this document. These details are, however, only intended as a guide to the current taxation law position in the UK. **Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.**

21. Applicability of the Takeover Code

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate interest in shares of the acquirer and any parties acting in concert with it to Ordinary Shares carrying 30% or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Takeover Panel) to make a cash offer for the Ordinary Shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for Ordinary Shares by the acquirer or its concert parties (if any) during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties, if any) Ordinary Shares carrying at least 30%, but not more than 50%, of the voting rights in the Company if the

effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

The Takeover Code defines persons “acting in concert” as comprising persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. “Control” means an interest, or interests, in shares carrying in aggregate 30% or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. A person and each of its affiliated persons who will be deemed to be acting in concert with each other. There is a non-exhaustive list of persons who will be presumed to be acting in concert with other persons in the same category unless the contrary is established. This list includes:

- (a) the close relatives of a founder of a company to which the Takeover Code applies and the related trusts of any of them, all with each other; and
- (b) shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies.

Accordingly, all former Group shareholders who have become shareholders in the Company could be deemed to be acting in concert due to the circumstances set out in (b) above. The Company’s advisers have liaised with and, based on the information available, the Takeover Panel has confirmed that there are currently two concert parties, each independent of the other. The Management Concert Party consists of the founders, their associates and the senior management team being Michael Hughes (and his brother Robert Hughes), Steve Flavell, Abdulkareem Siddiq, Simon Healey, Marcus Greensit and Alex Breen who together will hold 16.64% of the Enlarged Share Capital immediately following Admission. The Scott Concert Party consists of Andrew Scott and his associates being the Scott Family Trust, the Zacando Foundation and Rhonda Scott who together will hold 31.54% of the Enlarged Share Capital immediately following Admission.

If the Management Concert Party was to increase its holding so that it came to have an interest in shares which carried 30% or more of the voting rights of the Company or, in the case of the Scott Concert Party, it was to increase the percentage of the aggregate voting rights held by it then they would be obliged, except with the consent of the Takeover Panel, to extend a mandatory offer as referred to above.

22. Risk Factors

Prospective investors should consider carefully the risk factors described in the section headed “Risk Factors” and set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

23. Further Information

Your attention is drawn to Part V of this document, which provides additional information on the Company and the markets in which it operates.

PART II

RISK FACTORS

An investment in the Company is subject to a number of risks and uncertainties. Accordingly, in evaluating whether to make an investment in the Company potential investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including (but not limited to) the risk factors described below, before making any investment decision with respect to the shares. The risk factors described below do not purport to be an exhaustive list and do not necessarily comprise all of the risks to which the Group is exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions and in legal, accounting, regulatory and tax requirements. The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. If any of the following risks were to materialise, the Group's business, financial condition, results, prospects and/or future operations may be materially adversely affected. In such case, the value of the shares may decline and an investor may lose all or part of their investment.

General Risks

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him or her in the light of his or her personal circumstances and the financial resources available to him or her. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making their decision to invest.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to future performance.

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on demand for the Group's products. A more prolonged downturn may lead to an overall decline in sales. Economic uncertainty might have an adverse impact on the Group's operations and business results.

Risks Relating to the Business and Operations of the Group

Business strategy

The value of an investment in the Group is dependent, *inter alia*, upon the Group achieving the aims set out in this document. Although the Group has a clearly defined strategy, there can be no guarantee that its objectives will be achieved or that the Group will achieve the level of success that the Directors expect or that certain successes might not cannibalise previous successes. Furthermore, the Group may decide to change aspects of its strategy described in this document. The Group's ability to implement its business strategy successfully may be adversely impacted by factors that the Group cannot currently foresee, such as unanticipated market forces, costs and expenses or technological factors. Should it be unsuccessful in implementing its strategy or should it take longer than expected to implement, the future financial results of the Group could be negatively impacted.

Technological changes

The markets in which the Group operates are characterised by rapid technological change, changes in use and customer requirements and preferences, frequent product and service introductions employing new technologies, and the emergence of new industry standards and practices that could render the Group's existing technology and products obsolete or competitively impaired.

In order to compete successfully, the Group will need to continue to improve its products, and may need to develop and market new products and capabilities that keep pace with technological change. This may place

excessive strain on the Group's capital resources which may adversely impact on the revenues and profitability of the Group or the Group's ability to achieve such developments.

The success of the Group depends on its ability to anticipate and respond to technological changes and customer preferences in a timely and cost-effective manner. There can be no assurance that the Group will be able to effectively anticipate and respond to technological changes and customer preferences in the future or, if it can do so, that it will have sufficient financial resource to respond effectively to such changes in a timely manner.

The Group's products could be superseded by superior technology, more competitively priced technology and products. Research and development by others may render the Group's products obsolete or competitively impaired.

The Group's growth depends on the continued penetration of the internet and broadband internet access and the development and maintenance of internet and telecommunications infrastructure by third parties

The delivery of the Group's products and services will depend on third party telecommunications and internet service providers to continue to expand high-speed internet access, to maintain reliable and efficient networks with the necessary speeds, quality of service, capacity and security, and to develop complementary products and services for providing reliable and timely access and services.

In relation to internet access, changes in access fees (for example, introducing bandwidth caps or other metered usage schemes) to viewers may adversely affect the ability or willingness of users and their guests to access the Group's services. Changes in access fees to distributors, such as the Group or its service providers, or a departure from "net neutrality" (the principle that all forms of internet traffic is subject to equal treatment in transmission speed and quality) could result in increased costs to the business.

In relation to telecommunications services, changes to access fees to the Group could result in increased costs to the business and this may ultimately deter customers from using the Group's services. In addition, deterioration in the infrastructure or telephony quality and mobile phone reception – whether isolated, intermittent or progressive – may adversely affect the ability or willingness of customers to use the Group's services.

In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in internet or telecommunications performance and/or internet or telecommunications reliability may decline. Internet or telecommunications outages, intermittent disruptions or delays could adversely affect the Group's ability to provide services to its customers.

All of these factors are out of the Group's control and the manifestation of any of them could have a material adverse effect on the Group's prospects, business, financial condition or results of operations.

Key system failure, disruption or interruption

The Group's dependency upon technology exposes the Group to significant risk in the event that such technology or the Group's systems experience any form of damage, interruption or failure. Any malfunctioning of the Group's technology and systems, or those of key third parties, even for a short period of time, could result in a lack of confidence in the Group's services, with a consequential material adverse effect on the Group's operations and results.

The Group's systems are vulnerable to damage or interruption from events including but not limited to:

- natural disasters;
- power loss;
- telecommunication failures;
- software failures;
- computer hacking activities; and
- acts of war or terrorism.

The Group's systems are also vulnerable to break-ins, sabotage and international acts of vandalism by internal employees and contractors as well as third parties. Any interruption in the availability of the Group's website, core cloud-based software solution, support site or telephone systems could create a business interruption and a large volume of customer complaints. The Group's products and the software on which they are based are complex and may contain undetected defects and problems may be discovered from time

to time in existing, new or enhanced products. Undetected defects could damage the Group's reputation, ultimately leading to an increase in the Group's costs or reduction in its revenues.

Protection of intellectual property

The Group's technology includes software and other code and content ("Software"). Some of the Software has been developed internally and is owned by the Group. In addition, some of the Software has been developed by third parties who have licensed rights in the software to the Group or provided access under free and open source licence. It is not at all uncommon for a company's technology to comprise both owned and licensed code. This nevertheless means that the Group's continuing right to use such Software is dependent on the relevant licensors continuing to licence the Software to the Group. Again, as is usual, such licences may be terminated by the licensors as a result of a breach of their terms by the Group. Any failure by the Group to comply with the terms of the licences granted to it could therefore result in such licences being terminated and the Group no longer being entitled to continue to use the Software in question. In addition, use outside of the terms of any relevant licence could expose the Group to legal action for infringement of the rights of the licensor(s). Further, and in any event, the Group may not have adequate measures in place to ensure that its use of third party software complies with all of the terms under which such software has been licensed to the Group.

The Group also holds patents. These may or may not give an advantage over the Group's competitors. If competitors file patent applications that are also claimed by the Group, the Group may have to participate in interference or opposition proceedings to determine the priority of invention. An adverse outcome could subject the Group to significant liabilities and require the Group to either to cease to use a technology or to pay licence fees. The Group could incur substantial costs in any litigation or other proceedings relating to patent rights, even if resolved in the Group's favour. Some of the Group's competitors may be able to sustain the costs of complex litigation more effectively or for a longer time than the Group. In addition, uncertainties relating to patent or other intellectual property litigation could have a material adverse effect on the Group's ability to market a product or raise additional funds.

The Group is dependent on maintaining the proprietary rights in its software and other technology. The Group is reliant on copyright laws, trade mark laws, laws of confidentiality and contractual provisions covering intellectual property ownership and licensing.

Any failure by the Group to protect and/or enforce its intellectual property rights may result in another party being able to copy or otherwise obtain and use its technology and/or content without authorisation. There may not be adequate protection for the intellectual property in every country in which the Group sells its products and policing unauthorised use of proprietary information is difficult and expensive. Due to the Group's size and limited cash resources, it has historically taken only limited action to protect its key intellectual property and it may not be able to detect and prevent infringement of its intellectual property. Should a third party successfully demonstrate priority over any of these rights, it could inhibit the Group from selling products in certain territories.

The steps which the Group has taken and intends to take to protect its intellectual property may be inadequate to prevent the misappropriation of its proprietary technology. Any misappropriation of the Group's intellectual property could have a negative impact on the Group's business and its operating results.

Furthermore, the Group may need to take legal action to enforce its intellectual property or to determine the validity or scope of the proprietary rights of others.

Competitors of the Group may seek to bring actions against the Group for alleged third party infringements. Competitors may independently develop technologies substantially equivalent or superior to the Group's own technology which the Group is unable to defend. The Group's products may be sold in countries where there is less protection of intellectual property rights than under European or US law and enforcement of the Group's intellectual property rights may be ineffective. The Group could be liable to customers if its intellectual property rights infringed a third party's rights and its customers suffered losses.

Litigation relating to the Group's intellectual property, whether instigated by the Group to protect its rights or arising out of alleged infringement of third party rights, may result in substantial costs and the diversion of resources and management attention and there can be no guarantees as to the outcome of any such litigation, or that it can be effectively used to enforce the Group's rights.

Competition

The Group's main competitors are providers of remote meetings and conference calls, in many cases, significantly larger enterprises with greater financial and marketing resources. The sector in which the Group operates is very competitive and there can be no certainty that the Group will be able to achieve the market penetration it seeks. There can be no guarantee that the Group's current competitors or new entrants to the

market will not bring superior technologies, products or services to the market or equivalent products at a lower price which may have an adverse effect on the Group's business. Such companies may also have greater financial and marketing resources than the Group. Even if the Group is able to compete successfully, it may be forced to make changes in one or more of its products or services in order to respond to changes in customers' needs which may impact negatively on the Group's financial performance.

Dependence on customers

The Group's customers may cease to use or reduce their use of the Group's products and there are low barriers to exiting existing contracts. Were a material number of customers to cease to use or reduce their use of the Group's products then this could materially and adversely affect the Group's business.

Dependence on key executives and personnel

The Group's future development and prospects depends to a significant degree on the experience, performance and continued service of its senior management team including the Directors. The Group has invested in its management team at all levels. The Directors also believe that the senior management team is appropriately structured for the Group's size and is not overly dependent upon any particular individual. The Group has also entered into contractual arrangements with these individuals with the aim of securing the services of each of them. Retention of these services or the identification of suitable replacements, however, cannot be guaranteed. The loss of the services of any of the Directors or other members of the senior management team and the costs of recruiting replacements may have a material adverse effect on the Group and its commercial and financial performance and reduce the value of an investment in the Ordinary Shares.

Ability to recruit and retain skilled personnel

The Group believes that it has the appropriate incentivisation structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Group. However, any difficulties encountered in hiring appropriate employees and the failure to do so, or a change in market conditions that renders current incentivisation structures lacking, may have a detrimental effect upon the trading performance of the Group. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.

Financial controls and internal reporting procedures

The Group has systems and controls in place to allow it to produce accurate and timely financial statements and to monitor and manage risks. If any of these systems or controls were to fail the Group may be unable to produce financial statements accurately or on a timely basis or expose the Group to risk. Any concerns investors may have over the potential lack of available and current financial information and the controls the Group has in place could adversely affect the Company's share price.

The Group's counterparties may become insolvent

There is a risk that parties with whom the Group trades or has other business relationships (including partners, customers, suppliers, subcontractors and other parties) may become insolvent. This may be as a result of general economic conditions or factors specific to that company. In the event that a party with whom the Group trades becomes insolvent, this could have an adverse impact on the revenues and profitability of the Group.

Existing Shareholder influence

Following Admission, the aggregate beneficial interest in the Company of the Existing Shareholders will amount to 32,284,176 Ordinary Shares, being 79.2% of the Enlarged Share Capital. In addition the Management Concert Party will hold in aggregate 6,786,991 Ordinary Shares, being 16.6% of the Enlarged Share Capital and Scott Concert Party will hold, in aggregate, 12,863,919 Ordinary Shares, being 31.5% of the Enlarged Share Capital. Accordingly, the Existing Shareholders, the Management Concert Party and Scott Concert Party will each be in a position to have significant influence over the Company's operations and business strategy.

Exchange rate risk

Exchange rate fluctuations could have a material adverse effect on the Group's profitability or the price competitiveness of its products and services. There can be no guarantee that the Group would be able to compensate or hedge against such adverse effects and therefore negative exchange rate effects could have a material adverse effect on the Group's business and prospects, and its financial performance.

Regulatory, Tax and Legal risks

Regulatory risks

The Company has developed a comprehensive risk management and compliance practice in conjunction with its advisers as well as discussions with many of the regulators in the jurisdictions in which it operates, in particular regarding tax, data protection and communications regulations. The Directors believe that regulators in many jurisdictions are in the process of assessing and developing regulatory frameworks to address the regulation of certain services provided by the Group and others, in particular, 'over-the-top', SaaS, services such as those of the Group, which often do not sit well within existing regulatory categories. Therefore the regulatory treatment of the Group's services may be uncertain in certain jurisdictions and may change, and/or the Company's assumptions about such treatment may prove inaccurate. While most regulatory authorities are willing to allow a period of time for companies to become compliant, particularly if they have given the matter in issue serious consideration, the requirement to comply with and adopt any new regulations, or enforcement of existing regulations, may have an adverse impact on the Group's business.

The Group processes employee personal data and customer personal data (including name, address, usage data (traffic data) and, through third parties, bank and/or credit card details) as part of its business and therefore must comply with strict data protection and privacy laws in the EU and certain other jurisdictions in which the Group operates. Those laws restrict the Group's ability to collect, use and delete personal information. The Group is exposed to the risk that personal data could in the future be wrongfully accessed and/or used, whether by employees, customers or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulation. If the Group or any of the third party service providers on which it relies fails to process and/or transfer customer information and payment details online in a secure manner or if theft or loss of employee personal data or customer personal data were to occur, the Group could face liability under data protection laws as well as legal liability under its arrangements with its customers and/or employees. This could also result in the loss of the goodwill of its customers and deter new customers. Each of these factors could harm the Group's business reputation and have a material adverse effect on the Group's prospects, business, financial condition or results of operations.

Tax risks

The Group's practice on the taxability of its services has been informed by its own research and discussions with regulators as well as the Group's advisers in what are believed to be the relevant jurisdictions. The Company believes that the taxation of cloud, SaaS and over-the-top services such as those of the Group, particularly in the United States, is currently in a state of uncertainty. Accordingly it is possible that the Group's practice could be challenged the relevant authorities in any jurisdiction which may have an adverse impact on the Group's results or business.

Any change in the Group's tax status or in taxation legislation in the UK or elsewhere could affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of investors in shares are based on current UK law and practice, which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

Clearance has been received from HMRC that the Company's business qualifies for EIS relief and as a qualifying business for VCT relief. Although qualifying investors should obtain tax relief on their investments under EIS relief or VCT relief, neither the Company nor the Board can provide any warranty or guarantee in this regard. Investors must take their own advice and rely on it.

Neither the Company nor the Directors give any warranties or undertakings that EIS relief or VCT relief, if granted, will not be withdrawn. Investors must take their own advice and rely on it. If the Company carries on activities beyond those disclosed to HMRC, then Shareholders may cease to qualify for the tax benefits. The actual availability of EIS relief and qualifying status for VCT purposes will be contingent upon certain conditions being met by both the Company and the relevant investors. Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost. If the Company ceases to carry on the business outlined in this document, changes the manner in which the business is undertaken or acquires or commences a business which is not insubstantial to the Company's activities at any time this could prejudice the status of the Placing Shares under the VCT provisions. If these changes are made during the three year period from the last allotment of Placing Shares, this could prejudice the qualifying status of the Company (as referred to above) under the EIS provisions. Circumstances may arise where the Board believes that the interests of the Company are not best served by acting in a way that preserves the EIS or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder.

If the Company does not empty all of the proceeds of an EIS share issue for qualifying trading purposes within 24 months of the date of issue of the Placing Shares, the Company will not be a qualifying company and as such EIS relief will be withdrawn. In respect of subscription for Placing Shares made by a VCT, if the

Company does not employ the funds invested by the VCT for qualifying purposes within 24 months, the funds invested by the VCT would be apportioned pro rata and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trade purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holding. The above information is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company. Any person who is in any doubt as to their taxation position should consult their professional taxation advisers.

The attention of potential investors is drawn to paragraph 13 of Part V of this document. The tax rules, including stamp duty provisions and their interpretation relating to an investment in the Company may change. The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on investors' individual circumstances. Any change in the Company's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Company, its ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning taxation of the Company and its Shareholders are based on current UK tax law and practice which is subject to change.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined, their personal circumstances and the financial resources available to them.

Legal risks

Legal risks include the inability to enforce security arrangements, an absence of adequate protection for intellectual property rights, an inability to enforce foreign judgments relating to contracts entered into by the Group that are governed by law outside England and Wales, absence of a choice of law, and an inability to refer disputes to arbitration or to have a choice with regard to arbitration rules, venue and language. Mitigation measures for these risks may be limited.

Risks relating to the Ordinary Shares

Investment Risk and AIM

Prior to Admission, there has been no public market in the Ordinary Shares. Whilst the Group is applying for Admission, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. AIM is a market for emerging or smaller companies and may not provide the liquidity normally associated with the Official List or other exchanges. The future success of AIM and the liquidity in the market for Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may be, or may become, relatively illiquid, particularly given the Lock-in Arrangements and Orderly Market Arrangements described in paragraph 10.5 of Part V of this document and therefore the Ordinary Shares may be or may become difficult to sell.

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in investor sentiment regarding the Ordinary Shares or in response to various factors and events, including the Group's performance generally, variations or anticipated changes in the Group's interim or full year operating results, market conditions in the sector, the industries of customers and the economy as a whole, business developments of the Group and/or its competitors, significant purchases or sales of Ordinary Shares or trading volumes in the Ordinary Shares, sales by Directors or substantial shareholders legislative or regulatory changes, and general economic, political or regulatory conditions, and other factors outside the control of the Group.

Potential investors should be aware that the value of securities and the income from them can go down as well as up, and investors may realise less than, or lose all of, their investment. The market price of the Ordinary Shares may not reflect the underlying value of the Group and an investment in a security which is traded on AIM might be less realisable and generally carries a higher risk than a security quoted on the Official List. The price which investors may realise for their holding of Ordinary Shares, and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Group and others of which are extraneous.

Lack of Active Market

On Admission, there will be a limited number of Shareholders in the Group and therefore it is possible that an active trading market may not develop. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

Valuation of Shares

The Placing Price per Ordinary Share has been determined by the Group, and may not relate to the Group's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

Market Perception

Market perception of the Group may change, potentially affecting the value of investors' holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise.

Substantial sales of Ordinary Shares and Lock-in Agreements and Orderly Marketing Agreements

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares following the expiry of the Lock-in Agreements and Orderly Marketing Agreements, details of which are set out in paragraph 10.5 of Part V of this document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Group may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

Additional capital and dilution

It is possible that the Group will need or choose to raise extra capital in the future to finance the development of new products or enhancements, to develop fully the Group's business, to take advantage of acquisition opportunities or respond to new competitive pressures. If the Group is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its development. If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price or higher.

No guarantee that the Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Dividends

There can be no assurance as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Company is subject to the discretion of the Directors and will depend upon, among others, the Company's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws and generally accepted accounting practice.

Forward-looking Statements

This document contains forward-looking statements that involve risks and uncertainties. All statements, other than those of historical fact, contained in this document are forward-looking statements. The Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors. Investors are urged to read this entire document carefully before making an investment decision.

The forward-looking statements in this document are based on the relevant Directors' beliefs and assumptions and information only as of the date of this document, and the forward-looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward-looking statements. Except as required by law or regulation, the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Group. In particular, the Group's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware, which may also have an adverse effect upon the Group.

PART III

HISTORICAL FINANCIAL INFORMATION ON THE GROUP

The Company was incorporated under the Act on 1 February 2016 as Pacific Shelf 1812 Limited and its name was changed to LoopUp Limited on 11 March 2016 and to LoopUp Group Limited on 8 June 2016. The Company re-registered as a public limited company with the name LoopUp Group plc on 18 August 2016. The Company has a financial year end of 31 December.

Since the date of its incorporation, the Company has not yet commenced operations and, save as indicated below, it has no material assets or liabilities, and therefore no financial statements have been prepared as at the date of this document, and no separate historical financial information on the Company is presented in this document.

On 2 August 2016, the Company acquired the entire issued share capital of Ring2. Under these arrangements, all equity interests in Ring2 were exchanged for equivalent participation in the Company. Thereafter, alongside certain other steps taken to facilitate Admission, the Company re-registered as a public limited company. Please refer to paragraph 4.2 of Part V of this document for details of this share exchange.

SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF RING2 COMMUNICATIONS LIMITED

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18 August 2016

Dear Sirs

Ring2 Communications Limited (the "Company") and its subsidiary undertakings (together, the "Group") – Accountant's Report on Historical Financial Information

We report on the historical financial information set out on pages 40 to 64, for the three years ended 31 December 2015 (the "Historical Financial Information"). The Historical Financial Information has been prepared for inclusion in the Company's AIM Admission Document dated 18 August 2016 on the basis of the accounting policies set out in Notes 1 to 27 to the Historical Financial Information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union. It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the AIM Admission Document dated 18 August 2016, a true and fair view of the state of affairs of the Group as at 31 December 2013, 31 December 2014 and 31 December 2015 and of its results, cash flows and changes in equity for the three years ended 31 December 2015 in accordance with International Financial Reporting Standards adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

SECTION B: HISTORICAL FINANCIAL INFORMATION ON RING2 COMMUNICATIONS LIMITED FOR THE THREE YEARS ENDED 31 DECEMBER 2015

Consolidated Statement of Comprehensive Income

		<i>Year to</i> <i>31 December</i>	<i>Year to</i> <i>31 December</i>	<i>Year to</i> <i>31 December</i>
	<i>Note</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	6	10,105	8,002	6,049
Cost of sales		<u>(2,580)</u>	<u>(2,170)</u>	<u>(1,676)</u>
Gross profit		7,525	5,832	4,373
Operating expenses	7	(7,962)	(6,573)	(6,224)
Operating income	8	<u>84</u>	<u>–</u>	<u>–</u>
Loss from operations		(353)	(741)	(1,851)
Finance costs	11	<u>(733)</u>	<u>(802)</u>	<u>(422)</u>
Loss before income tax		(1,086)	(1,543)	(2,273)
Income tax credit	12	<u>506</u>	<u>324</u>	<u>254</u>
Loss for the year		(580)	(1,219)	(2,019)
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss, net of tax				
Currency translation (loss)/gain		<u>(363)</u>	<u>(302)</u>	<u>60</u>
Loss after tax and total comprehensive loss for year attributable to equity owners of parent		<u>(943)</u>	<u>(1,521)</u>	<u>(1,959)</u>
		<i>p</i>	<i>p</i>	<i>p</i>
Loss per share attributable to equity owners – basic and diluted	13	<u>(4.0)</u>	<u>(6.5)</u>	<u>(8.4)</u>

Notes 1 to 27 form part of the Historical Financial Information shown above.

Consolidated Statement of Financial Position

		As at 31 December 2015 £000	As at 31 December 2014 £000	As at 31 December 2013 £000
	Note			
Assets				
Property, plant and equipment	14.1	342	308	304
Intangible assets	14.3	3,030	2,539	2,111
Total non-current assets		3,372	2,847	2,415
Trade and other receivables	15	2,096	1,586	1,334
Cash and cash equivalents	16	402	96	131
Current tax	15	483	327	280
Total current assets		2,981	2,009	1,745
Total assets		6,353	4,856	4,160
Liabilities				
Trade and other payables	17	(1,177)	(1,191)	(1,106)
Accruals and deferred income	17	(487)	(1,854)	(1,063)
Borrowings	18	(2,206)	(3,972)	(2,607)
Total current liabilities		(3,870)	(7,017)	(4,776)
Net current liabilities		(889)	(5,008)	(3,031)
Finance lease payables	17	–	(9)	(33)
Borrowings	18	(5,539)	–	–
Total non-current liabilities		(5,539)	(9)	(33)
Total liabilities		(9,409)	(7,026)	(4,809)
Net liabilities		(3,056)	(2,170)	(649)
Equity				
Share capital	20.02	139	117	117
Share premium	20.04	12,691	12,656	12,656
Foreign currency translation reserve		(599)	(236)	66
Retained loss		(15,287)	(14,707)	(13,488)
Deficit attributable to equity owners of parent		(3,056)	(2,170)	(649)

Notes 1 to 27 form part of the Historical Financial Information shown above.

Consolidated Statement of Changes in Equity

					Deficit attributable to equity owners of parent
	Note	Share capital £000	Share premium £000	Foreign currency translation reserve £000	Retained loss £000
As at 1 January 2013		117	12,656	6	(11,469)
Loss for the year		–	–	–	(2,019)
Currency translation gain		–	–	60	–
Total comprehensive income				60	(2,019)
As at 31 December 2013		117	12,656	66	(13,488)
As at 1 January 2014		117	12,656	66	(13,488)
Loss for the year		–	–	–	(1,219)
Currency translation loss		–	–	(302)	–
Total comprehensive income				(302)	(1,219)
As at 31 December 2014		117	12,656	(236)	(14,707)
As at 1 January 2015		117	12,656	(236)	(14,707)
Loss for the year		–	–	–	(580)
Currency translation loss		–	–	(363)	–
Total comprehensive income				(363)	(580)
Transactions with owners of parent in their capacity as owners:					
Share Issue	20	22	35	–	–
As at 31 December 2015		139	12,691	(599)	(15,287)

Notes 1 to 27 form part of the Historical Financial Information shown above.

Consolidated Statement of Cash Flows

		Year to 31 December 2015 £000	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Note				
Net cash flows from operating activities				
		(1,086)	(1,543)	(2,273)
	7	1,457	1,080	952
		733	802	422
		(510)	(252)	(257)
		36	384	904
		<u>630</u>	<u>471</u>	<u>(252)</u>
		344	278	218
		<u>974</u>	<u>749</u>	<u>(34)</u>
Net cash generated by operations				
	14.1	(221)	(152)	(260)
	14.3	<u>(1,742)</u>	<u>(1,343)</u>	<u>(1,279)</u>
		<u>(1,963)</u>	<u>(1,495)</u>	<u>(1,539)</u>
Net cash used by investing activities				
		1,704	1,058	1,482
		(14)	(88)	–
		(25)	(21)	56
		57	–	–
		<u>1,722</u>	<u>949</u>	<u>1,538</u>
		733	203	(35)
		32	131	96
		<u>(363)</u>	<u>(302)</u>	<u>70</u>
	16	<u>402</u>	<u>32</u>	<u>131</u>

Notes 1 to 27 form part of the Historical Financial Information shown above.

1. General information and basis of preparation

1.01 General information

LoopUp Group plc ("the Company") is a limited company incorporated and domiciled in England and Wales, with company number 09980752. Its registered office is 78 Kingsland Road, London E2 8DP.

It was re-registered as a plc on 18 August 2016.

The principal activity of the Group is the provision of a platform for remote business meetings.

This Historical Financial Information consolidates the financial information of the Company and all of its subsidiary undertakings (Note 23).

The Directors of the Company are responsible for the financial information and contents of the financial information.

1.02 Basis of preparation

This historical financial information ("Historical Financial Information"):

- (a) has been prepared on a going concern basis under the historical cost convention, unless otherwise stated in the accounting policies
- (b) has been prepared in accordance with the requirements of the AIM Rules for Companies, for the purposes of the AIM admission document dated 18 August 2016; and
- (c) has been prepared in accordance with International Financial Reporting Standards ("IFRSs") and International Accounting Standards ("IASs") as adopted by the EU.

The financial information is based on the annual statutory accounts which were based upon UK GAAP for 2013 and 2014 and IFRS as adopted by the EU for 2015. The accounts have been lodged with the Registrar of Companies.

The independent auditor's reports for the statutory accounts for the years ended 2013, 2014 and 2015 were unqualified and did not contain any statement under section 498(2) or 498(3) of the Companies Act 2006.

The preparation of financial information requires the Directors to exercise judgements in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in Note 5.

The Historical Financial Information in this Part III Section B does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

Financial Information is presented in pounds sterling (£) and, unless otherwise stated, amounts are expressed in thousands (£'000), with rounding accordingly.

1.03 Adoption of IFRS

The consolidated Historical Financial Information is prepared in accordance with IFRS using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies. The date of transition to IFRS was 1 January 2013.

The Company has applied IFRS 1 First Time Adoption of International Financial Reporting Standards from the transition date in preparing the statutory financial statements for 2015. Accordingly, this consolidated Historical Financial Information does not constitute the first set of IFRS accounts. Accordingly, no transition statement of financial position is presented. The effects of the transition to IFRS on amounts previously presented under UK GAAP are presented in Note 26.

The accounting policies used have been consistently applied from the transition balance sheet and throughout all periods presented in this financial information.

1.04 Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009".

At the balance sheet date, the Group had cash resources (being cash and cash equivalents) as set out in Note 16.

The Directors monitor future cash requirements against current resources and the availability of future funding, which has included loans available from the shareholders and now includes the proceeds expected in connection with Placing and Admission to AIM. The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of this Historical Financial Information. In developing these forecasts, they make enquiries and form assumptions as to future revenues and expenditures based upon their view of the current and future economic conditions that will prevail over the forecast period.

Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that resources are adequate to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information.

1.05 **Decision-maker**

The Board of Executive Directors acting together are considered the chief operating decision maker.

2. **Summary of significant accounting policies**

The principal accounting policies adopted are set out below:

2.01 **Basis of consolidation**

The consolidated historical financial information incorporates the financial information of the Company and entities controlled by the Company (the Subsidiaries) made up to the accounting reference date each year. Subsidiaries are all entities over which the Company has the power to control the financial and operating policies. Control is achieved when the Company has power over an entity in which it has invested (the "Investee"); is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Intragroup transactions, dividends and balances are eliminated, as are unrealised gains and losses on intragroup transactions.

2.02 **Currencies**

(a) *Functional and presentational currency*

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which the parent Company operates ("the functional currency") which is UK sterling (£). The Historical Financial Information is presented in UK sterling, as described in Note 1.02 ("the presentational currency").

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

- (c) *Group companies that have a functional currency other than the presentation currency of the Group*

The results and financial position of all Group companies that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income and as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income and accumulated in equity are reclassified in the income statement as part of the gain or loss on sale.

2.03 ***Intangible assets***

Development costs are capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- (a) technical feasibility of the completed intangible asset has been established;
- (b) it can be demonstrated that the asset will generate probable future economic benefits;
- (c) adequate technical, financial and other resources are available to complete the development;
- (d) the expenditure attributable to the intangible asset can be reliably measured; and
- (e) management has the ability and intention to use or sell the asset.

Expenses for research and development include associated wages and salaries, material costs and directly attributable overheads.

All research and development costs, where expensed, whether funded by third parties under licence and development agreements or not, are included within operating expenses and classified as such.

Intangible assets with finite useful lives that are acquired externally are carried at cost less accumulated amortisation and impairment losses.

The cost of a purchased intangible asset is the purchase price plus any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Development costs recognised as assets are amortised on a straight line basis over their expected useful life of three years. Development expenditure is only amortised once the asset is ready for use. Until each development project is fully amortised, the assets are subject to annual impairment testing. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.04 ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

- Office Equipment – 20-33% straight line
- Computer Equipment – 20-33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.05 ***Impairment of non-current assets***

At each reporting date, the Directors review the carrying amounts of all non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

2.06 ***Revenue recognition***

Revenue is recognised at the fair value of the consideration received or receivable for the provision of services in the ordinary course of business and is shown net of Value Added Tax.

LoopUp Revenue is generally billed and recognised monthly in arrears, for services consumed by customers during the preceding month.

In the case of recurring and fixed term contract conferencing revenue, the service is recognised from the point when a customer has signed a service agreement and is allocated evenly across the period of the contract.

In the case of non-recurring development revenue, the service is recognised at the point at which a customer has signed a service agreement and that service has been delivered.

Other income is accounted for when earned (see Note 8).

The difference between the amount of revenue recognised and the amount invoiced is included in the statement of financial position as accrued or deferred income.

Where sales transactions are considered to have more than one principal component, revenue is allocated fairly between the components and recognised for each component at the point that the relevant component of the risks and rewards have passed to the client.

2.07 ***Cost of Sales***

Cost of sales consists of fees payable to third parties and other expenses that are directly related to sales.

2.08 ***Current and deferred tax***

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) ***Current tax***

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates and laws for the period that have been enacted or substantively enacted by the reporting date.

(b) ***Deferred tax***

Deferred tax is calculated at the latest tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the

corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

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 income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets are recognised to the extent that it is probably that the underlying deductible temporary differences will be able to be offset against future taxable income.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.09 Leased assets

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.10 Payroll expense and related contributions

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

2.11 Benefits and pension costs

To date no UK pension scheme has been operated and no contributions made towards staff pensions, but since the period end a group scheme has been set up under the UK's auto-enrolment rules. This is being phased over the course of 2016.

US staff qualify for a non-contributory 401k pension scheme which has been in place since 2013. The Group has no further payment obligations once the contributions have been deducted and paid. The contributions are recognised as an expense in profit or loss as they fall due.

2.12 Share-based compensation

The Group issues share-based payments to certain employees and directors. Equity-settled share-based payments are measured at fair value at the date of grant and if material are expensed immediately or on a straight-line basis over any vesting period, along with a corresponding increase in equity.

At each reporting date, the Directors revise their estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of any revision is recognised in statement of comprehensive income, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black Scholes model, taking into consideration the best estimate of the expected life of the option and the specific terms of the option grant.

2.13 **Dividends**

Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed before the relevant financial statements are approved.

2.14 **Segmental information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

2.15 **Accounting developments**

At the date of approval of the Historical Financial Information, the following Standards and Interpretations which have not been applied were in issue and had received EU approval but were not yet effective:

Amendments to IAS 27 (Equity Method in Separate Financial Statements) – effective 1 January 2016

Amendments to IAS 1 (Disclosure Initiative) – effective 1 January 2016

Annual Improvements to IFRSs 2011-2014 Cycles – effective 1 January 2015 and 1 January 2016

Amendments to IAS 16 and IAS 38 (Clarification of Acceptable methods of Depreciation and Amortisation) – 1 January 2016

The Directors have assessed that these Standards would not have a material effect on the presentation of the Historical Financial Information.

3. **Financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

3.01 **Financial assets**

The Group classifies its financial assets trade and other receivables, as follows:

(a) *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. The amount written down is determined as the difference between the asset carrying value and the present value of future cash flows. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.02 **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, 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.

3.03 **Financial liabilities**

The Group's financial liabilities comprise borrowings, a convertible loan and trade and other payables.

(a) *Borrowings and trade and other payables*

Trade and other payables are initially measured at their fair value net of issue costs and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability. All interest related charges are included in the income statement line item "finance costs".

(b) *Convertible loan notes*

Convertible loan notes where the conversion feature does not meet the definition of equity are accounted for as financial liabilities. The instruments are split between:

- the “host” debt instrument being a non-convertible debt. The host contract is recognised at fair value and subsequently measured at amortised cost using the effective interest rate; and
- an embedded derivative representing the conversion feature.

The valuation of the embedded derivative is performed at inception of the loan and at the end of each reporting date. The residual value is then allocated to the host debt instrument. For each period presented in this historical financial information, the value of derivative instruments has been assessed as immaterial, as detailed in Note 18.

3.04 ***Classification as debt or equity***

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all liabilities.

3.05 ***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 are recognised as the proceeds received, net of direct issue costs. The components of equity are as follows:

(a) *Share capital*

The nominal values of equity shares. The rights attached to the classes of equity shares in issue are detailed in Note 20.

(b) *Share premium*

The excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

(c) *Retained earnings*

The retained net profits or losses to date less distributions

(d) *Foreign currency translation reserve*

The net foreign exchange gains or losses to date on consolidation of investments in overseas subsidiaries.

3.06 ***Earnings per share***

The basic and diluted earnings per share have been calculated using the loss attributable to shareholders for each of the periods presented as the numerator as no adjustments have been necessary.

4. **Financial risk management**

4.01 ***Financial risk factors***

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk, as explained below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close co-operation with key staff. Details of how the Directors monitor and seek to mitigate these risks are given in Note 19.

- (a) Market risk is the risk of loss that may arise from changes in market factors such as competitor pricing, interest rates, foreign exchange rates.
- (b) Credit risk is the financial loss to the Group if a client or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances.

- (c) Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flow.

4.02 **Capital risk management**

The Group is funded by shareholders' equity and loans. The components of shareholders' equity are:

- (a) Share capital.
- (b) Retained earnings, reflecting net comprehensive income to date less distributions.

The objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. Expenditures on commitments are funded from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity.

The directors believe that they have met this objective. This is detailed in Note 19.

Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans.

There are no externally imposed capital requirements.

4.03 **Fair value estimation**

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

5. **Critical accounting estimates and judgements**

Details of significant accounting judgements and critical accounting estimates are set out in this Historical Financial Information and include:

Judgements

5.01 **Functional currency**

The functional currency is deemed to be the Sterling as the directors consider that the primary economic environment. Although certain revenues and loans are denominated in US Dollars, the equity funding and major classes of costs and assets are denominated in sterling.

5.02 **Recoverability of deferred tax assets**

Deferred tax assets are recognised to the extent that it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent these assumptions change, there can be an increase or decrease in the level of deferred tax assets recognised, which can result in a charge or credit to the statement of comprehensive income in that period. The Group has accumulated trading losses of £12,554,000 (2014 – £11,567,000, 2013 – £10,545,000) and non-trading losses of £nil (2014 – £414,000, 2013 – £414,000) carried forward for which no asset has been recognised.

5.03 **Capitalised development costs**

Capitalisation of development costs requires the Directors to make judgements in allocating staff time fairly to relevant projects and in deciding the point at which technical feasibility and economic viability have been reached. Details of development costs capitalised are given in Note 14.

5.04 **Extinguishment of liability**

During 2015, the shareholder loans were refinanced with a reduction in the interest rate from 20% to 10.75% and the loan being repayable over a 4 year period commencing May 2015.

The accounting for the shareholder loan modification was to treat this as a substantial modification under IAS 39 and as such, would have been accounted for as an extinguishment of the existing liability and the recognition of a new liability at its fair value. The gain or loss equal to the difference between

the carrying value of the old liability and the new liability would have been recognised. Management estimate the gain on extinguishment to be £55,000 and hence this has not been recognised as the Directors have determined that the value is immaterial.

Estimates

5.05 *Intangible asset life*

Intangible assets are amortised over their estimated useful lives. In the case of acquired client portfolios, this estimation reflects the directors' expectation of client attrition, taking into account attrition observed in previous acquisitions.

5.06 *Impairment of assets*

The impairment review process involves the directors making judgements about, inter alia, future cash flows and the discount rate to be applied to those cash flows. Details of key assumptions made are given in Note 14.3.

6. Segment reporting

Management have identified the segments by reference to the principal groups of services offered and the geographical organisation of the business as reported to the Chief Operating Decision Maker ("CODM").

Segmental revenues are external and there are no material transactions between segments.

The main segment is recurring conferencing revenue, which consists of ongoing contracts to provide customers with access to the Company conferencing platform ("LoopUp Revenue").

The non-recurring revenue represents bespoke development work carried out for certain customers.

The fixed term contract conferencing revenue represented a 3-year contract with a single customer in the UK which was substantially completed in 2015 ("Licensing Revenue").

No other customer represented more than 10% of revenue in any year.

No segmental balance sheet is presented to the CODM. Depreciation, amortisation, finance costs and income tax are reported as part of central costs.

	Year to 31 December 2015 £000	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Analysis of revenue by segment:			
LoopUp Revenue	9,204	6,754	4,924
Non-recurring development revenue	–	222	199
Licensing Revenue	901	1,026	926
	<u>10,105</u>	<u>8,002</u>	<u>6,049</u>
Analysis of gross profit by segment:			
LoopUp Revenue	6,643	4,541	3,248
Non-recurring development revenue	–	222	199
Licensing Revenue	901	1,026	926
	<u>7,525</u>	<u>5,832</u>	<u>4,373</u>
Geographical analysis of revenue:			
EU	5,662	4,352	2,986
US	4,170	3,459	2,946
Rest of World	273	191	117
	<u>10,105</u>	<u>8,002</u>	<u>6,049</u>
Geographical analysis of non-current assets:			
UK	3,069	2,582	2,175
Rest of world	308	265	240
	<u>3,372</u>	<u>2,847</u>	<u>2,415</u>

7. Operating expenses

The loss from operations is stated after charging expenses as follows:

	Year to 31 December 2015 £000	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Cost of sales	2,580	2,170	1,676
Establishment and general:			
Staff costs – Note 9	4,380	3,794	3,670
Auditors' remuneration	67	49	46
Operating lease costs – land and buildings	351	316	337
Depreciation of owned property, plant and equipment – Note 14.1	168	127	116
Depreciation of property, plant and equipment held under finance leases – Note 14.1	38	38	24
Amortisation of intangible assets – Note 14.3	1,251	915	812
Other operating expenses	1,707	1,334	1,219
Total operating expenses	7,962	6,573	6,224

8. Other operating income

	£000	£000	£000
Release of loan liability – Note 18	84	–	–

9. Staff and remuneration

9.01 Number of staff

	Year to 31 December 2015 Number	Year to 31 December 2014 Number	Year to 31 December 2013 Number
Average number of employees (including directors):			
Executive directors	2	2	2
Commercial	62	57	56
Technology	22	17	15
Administration	5	4	3
	91	80	76

9.02 Remuneration

	£000	£000	£000
Aggregate remuneration of staff (including directors):			
Short-term remuneration	5,309	4,463	4,269
Compensation for loss of office	30	44	52
Social security	509	434	397
Benefits in kind	274	196	210
	6,122	5,137	4,928
Capitalisation as development costs	(1,742)	(1,343)	(1,258)
Included in operating expenses	4,380	3,794	3,670

10. Remuneration of Directors

Remuneration of the Directors is set out below in aggregate (refer to Note 22 for remuneration of key management personnel):

	Year to 31 December 2015 £000	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Short-term remuneration	373	338	341
Social security	37	35	33
Benefits in kind	6	3	4
Non-executive director fees	20	18	19
	<u>436</u>	<u>394</u>	<u>397</u>

11. Finance income and expense

	£000	£000	£000
Financing (income)/costs	(37)	130	17
Interest payable on shareholder loan	770	672	405
	<u>733</u>	<u>802</u>	<u>422</u>

12. Taxation

12.01 *Income tax credit*

Current tax			
Current period UK income tax	(483)	(329)	(275)
Current period foreign income tax	(1)	5	8
Adjustment for prior periods	(22)	—	13
Net income tax credit	<u>(506)</u>	<u>(324)</u>	<u>(254)</u>

12.02 The income tax charge differs from the theoretical charge arising from applying UK corporate tax rates to the profits for the reasons below:

	Year to 31 December 2015	Year to 31 December 2014	Year to 31 December 2013
UK corporate tax average rate	20.5%	22.0%	23.5%
	£000	£000	£000
Loss before income tax	<u>(1,086)</u>	<u>(1,543)</u>	<u>(2,273)</u>
Tax at the UK corporate tax rate	(222)	(339)	(455)
Effects of:			
Expenses not deductible for tax purposes	2	4	7
Additional reduction for R&D expenditure	(374)	(319)	(518)
Losses surrendered for R&D tax credit	183	454	508
Effect of foreign tax rates	(1)	5	8
Adjustments for prior periods	(22)	(8)	13
Tax losses not recognised	<u>(72)</u>	<u>(121)</u>	<u>183</u>
Amounts recognised in profit and loss	<u>(506)</u>	<u>(324)</u>	<u>(254)</u>

The group has unrecognised deferred tax assets in each of the periods presented, details of which are given in Note 5.02.

12.03 *Factors that may affect future tax charges*

The effective rate of UK corporate tax at the period-end was 20%. During 2015 the UK Government announced planned reductions to 19% and 18% with effect from 2017 and 2020, respectively.

13. Earnings/(loss) per share

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

In the case of diluted amounts, the denominator also includes ordinary shares that would be issued if any dilutive potential ordinary shares were issued following conversion of loans or exercise of share options.

The basic and diluted earnings per share are based on the following:

	£000	£000	£000
Loss attributable to equity holders	(580)	(1,219)	(2,019)
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Weighted average number of shares – basic and diluted	23,854,910	23,383,559	23,363,175
	<i>p</i>	<i>p</i>	<i>p</i>
Loss per share – basic and diluted	(2.4)	(5.2)	(8.6)

The loss and the weighted average number of shares used for calculating the diluted loss per share are identical to those for the basic loss per share. This is because the outstanding share options would have the effect of reducing the loss per share and would therefore not be dilutive under IAS 33.

14. Property, plant and equipment

14.1 Cost:

	<i>Computer Equipment £000</i>	<i>Office Equipment £000</i>	<i>Total £000</i>
As at 1 January 2013	713	227	940
Additions	211	49	260
Net exchange difference	(22)	(2)	(24)
As at 31 December 2013	902	274	1,176
Additions	141	11	152
Net exchange difference	54	2	56
As at 31 December 2014	1,097	287	1,384
Additions	203	18	221
Net exchange difference	51	4	55
As at 31 December 2015	1,351	309	1,660
Accumulated depreciation:			
As at 1 January 2013	568	178	746
Charge for the year	121	19	140
Net exchange difference	(14)	–	(14)
As at 31 December 2013	675	197	872
Charge for the year	142	23	165
Net exchange difference	39	–	39
As at 31 December 2014	856	220	1,076
Charge for the year	176	30	206
Net exchange difference	36	–	36
As at 31 December 2015	1,068	250	1,318
Carrying Amount			
As at 1 January 2013	145	49	194
As at 31 December 2013	227	77	304
As at 31 December 2014	241	67	308
As at 31 December 2015	283	59	342

14.2 *Finance Leases*

	<i>Computer Equipment £000</i>	<i>Total £000</i>
Assets under finance leases within above carrying amount		
As at 1 January 2013	14	14
As at 31 December 2013	55	55
As at 31 December 2014	33	33
As at 31 December 2015	9	9

The depreciation charges have been included in operating expenses in the Statement of Comprehensive Income.

Future aggregate minimum lease payments under finance leases:

	<i>2015</i>		<i>2014</i>		<i>2013</i>	
	<i>Minimum Payments £000</i>	<i>Present Value £000</i>	<i>Minimum Payments £000</i>	<i>Present Value £000</i>	<i>Minimum Payments £000</i>	<i>Present Value £000</i>
Less than 1 year	10	10	27	25	27	24
1 to 5 years	—	—	10	10	37	35
	<u>10</u>	<u>10</u>	<u>37</u>	<u>35</u>	<u>64</u>	<u>59</u>

There were no contingent rent arrangements, escalation clauses or restrictions.

14.3 *Cost:*

	<i>Development Costs £000</i>
As at 1 January 2013	2,619
Additions	<u>1,279</u>
As at 31 December 2013	3,898
Additions	<u>1,343</u>
As at 31 December 2014	5,241
Additions	<u>1,742</u>
As at 31 December 2015	<u>6,983</u>
Accumulated amortisation and impairment:	
As at 1 January 2013	975
Charge for the year	<u>812</u>
As at 31 December 2013	1,787
Charge for the year	<u>915</u>
As at 31 December 2014	2,702
Charge for the year	<u>1,251</u>
As at 31 December 2015	<u>3,953</u>
Carrying Amount	
As at 1 January 2013	1,644
As at 31 December 2013	2,111
As at 31 December 2014	2,539
As at 31 December 2015	<u>3,030</u>

No intangible assets are individually material or were acquired separately.

An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where it is higher than the recoverable amount, an impairment results. Amortisation and any impairment charges are included in operating expenses in the Statement of Comprehensive Income.

The intangible assets have been tested for impairment, with no charges resulting.

Recoverable amounts have been measured based on value in use. Detailed forecasts for the remaining life of each asset have been used (maximum 3 years), based on approved annual budgets and strategic projections representing the best estimate of future performance.

15. Current receivables

	<i>As at 31 December 2015 £000</i>	<i>As at 31 December 2014 £000</i>	<i>As at 31 December 2013 £000</i>
Trade receivables	1,733	1,296	955
Other receivables	16	16	17
Prepayments	<u>347</u>	<u>274</u>	<u>362</u>
	<u>2,096</u>	<u>1,586</u>	<u>1,334</u>
Current corporate tax	<u>483</u>	<u>327</u>	<u>280</u>

The Directors believe that the carrying value of receivables represents their fair value. In determining the recoverability of a receivable the directors consider any change in its credit quality from the date credit was granted up to the reporting date.

The largest single receivable at any time would typically constitute no more than 10% of total receivables and would relate to a blue chip customer. As such the concentrated credit risk is considered minimal.

Details of the credit risk management policies are shown in Note 19.04. No collateral is held as security for trade or other receivables. Trade and other receivables are due within one year and are not interest bearing.

Receivables past due but not impaired

30-60 days	597	491	322
60-90 days	<u>340</u>	<u>133</u>	<u>172</u>
	<u>937</u>	<u>624</u>	<u>494</u>

Receivables impaired

60-90 days	67	39	32
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16. Cash and cash equivalents

	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash and cash equivalents	402	96	131
Bank overdraft	<u>—</u>	<u>(64)</u>	<u>—</u>
	<u>402</u>	<u>32</u>	<u>131</u>

The cash and cash equivalents do not currently earn interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

17. Trade and other payables

	As at 31 December 2015 £000	As at 31 December 2014 £000	As at 31 December 2013 £000
Current			
Trade payables	783	655	808
Bank overdraft	–	64	–
Other tax and social security	372	379	247
Finance lease	10	26	23
Other payables	12	67	28
	<u>1,177</u>	<u>1,191</u>	<u>1,106</u>
Accruals	433	1,612	736
Deferred Income	54	242	327
	<u>487</u>	<u>1,854</u>	<u>1,063</u>
Borrowings	<u>2,206</u>	<u>3,972</u>	<u>2,607</u>
	<u>3,870</u>	<u>7,017</u>	<u>4,776</u>
Non-current			
Finance leases	–	9	33
Borrowings	<u>5,539</u>	<u>–</u>	<u>–</u>
	<u>5,539</u>	<u>9</u>	<u>33</u>

Finance leases are secured over the assets to which they relate.

The Directors believe that the carrying value of payables represents their fair value.

18. Borrowings held at amortised cost

	As at 31 December 2015 £000	As at 31 December 2014 £000	As at 31 December 2013 £000
Current			
Shareholder loan	2,206	3,892	2,521
Other loan	–	80	86
	<u>2,206</u>	<u>3,972</u>	<u>2,607</u>
Non-current			
Shareholder loan	<u>5,539</u>	<u>–</u>	<u>–</u>
	<u>5,539</u>	<u>–</u>	<u>–</u>
Total borrowings	<u>7,745</u>	<u>3,972</u>	<u>2,607</u>

The earliest that the lenders of the above non-current borrowings require repayment is as follows:

	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013
Between one and two years			
Shareholder loan	<u>5,539</u>	<u>–</u>	<u>–</u>

The Group's non-derivative financial liabilities have contractual maturities (including interest payments) as summarised below:

	<i>Within 6 months £000</i>	<i>Current 6 to 12 months £000</i>	<i>1 to 5 years £000</i>	<i>Non-current later than 5 years £000</i>
31 December 2015				
Trade payables	783	—	—	—
Finance lease obligations	10	—	—	—
Shareholder loan	1,124	2,179	8,673	—
Other loan	—	—	—	—
	<u>1,917</u>	<u>2,179</u>	<u>8,673</u>	<u>—</u>
31 December 2014				
Trade payables	655	—	—	—
Finance lease obligations	13	13	9	—
Shareholder loan	4,992	—	—	—
Other loan	80	—	—	—
	<u>5,740</u>	<u>13</u>	<u>9</u>	<u>—</u>
31 December 2013				
Trade payables	808	—	—	—
Finance lease obligations	12	11	33	—
Shareholder loan	2,898	—	—	—
Other loan	118	—	—	—
	<u>3,836</u>	<u>11</u>	<u>33</u>	<u>—</u>

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Shareholder loan

The shareholder loan started in September 2012 to finance working capital repayable. This loan was repayable on demand with interest set at 20% per annum. Interest has not been paid but accumulated within the figures above. In May 2015, the shareholder loan was renewed for a four year period with an improved interest rate of 10.75%.

The accounting for the shareholder loan was deemed to be a substantial modification under IAS 39 and as such, would have been accounted for as an extinguishment of the existing liability and the recognition of a new liability at its fair value. The gain or loss equal to the difference between the carrying value of the old liability and the new liability would have been recognised. Extinguishment accounting has not been adopted as the Directors have determined that the value is immaterial.

Other loan

The other loan was a provision for an unsecured convertible loan from a third party which was interest bearing at a rate of 4%. The conversion feature allowed for extinguishment of the outstanding liability in exchange for a variable number of the Group's equity instruments at the option of the note holder.

Management have identified this to be a single embedded derivative that comprises the conversion option, as this is not closely related to the debt instrument. The embedded derivative has not been recognised separately as a derivative financial instrument at fair value through profit and loss as the Directors have determined that the value is immaterial.

The embedded derivative is the value of the derivative liability comprising the conversion option. A fair value exercise to determine the value of the components was performed at inception of the loan (June 2005). The valuation takes into account the share price of the issuer and the time value of the option.

Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market based information. The valuation technique for the single compound embedded derivative, which is a level 3 item, is as follows:

The fair value of the embedded derivative recognised separately from the host convertible loan is estimated using a present value technique. The fair value at each date is estimated by reference to management's best estimate of the fair value of LoopUp's equity shares.

The valuation of the embedded derivative was performed at inception and at each subsequent reporting date, and management have determined the value to be immaterial at each period end and accordingly no derivative liability recognised and no fair value movements recognised in profit or loss.

In 2015, it was established that the statute of limitations for the recovery of the loan had passed, and accordingly an amount of £84,000 has been recognised in other income from the release of the liability. The accrued interest in relation to this loan amounting to £42,000 was written back to finance income and expenditure in Note 11.

19. Financial instruments

There is an exposure to the risks that arise from the financial instruments. The policies for managing those risks and the methods to measure them are described in Note 4. Further quantitative information in respect of these risks is presented below and throughout this Historical Financial Information.

19.01 Capital risk management

The objective of capital risk management is to ensure the Group is adequately funded at the lowest cost whilst allowing reasonable flexibility for unexpected events.

Funding to date has been by equity and loans. Loans were outstanding as shown in Note 18.

19.02 Financial instruments by category

(a) Financial assets

The following financial assets were held all classified as cash and receivables:

	As at 31 December 2015 £000	As at 31 December 2014 £000	As at 31 December 2013 £000
Cash and cash equivalents	402	96	131
Trade and other receivables	1,733	1,296	955
Other receivables	16	16	17
	<u>2,151</u>	<u>1,408</u>	<u>1,103</u>

(b) Financial liabilities

The following financial liabilities were held, all classified as other financial liabilities carried at amortised cost:

Trade payables	783	655	808
Loans	7,745	3,972	2,607
Other payables	12	131	28
Finance lease payable	10	35	56
	<u>8,550</u>	<u>4,793</u>	<u>3,499</u>

19.03 Market risk

There is an exposure to the financial risk of changes in exchange rates, however this is not deemed to be material. The risk arising from interest rate movements is considered to have been minimal during the reporting period because rates on loans have been fixed.

19.04 Credit risk

Careful consideration is given to choice of bank in order to minimise credit risk. Cash is held with four institutions, each with an AA credit rating (long term, as assessed by Moody's). The amounts of cash

held with those banks at the reporting date can be seen in the financial assets table above. The cash and equivalents not denominated in UK sterling were immaterial.

There was no significant concentration of credit risk for trade receivables at the reporting date other than as described at Note 15.

The Directors mitigate the risk by checking credit worthiness of new customers and by managing exposure carefully.

The carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

No allowance has been made for impairment losses. Provisions are made for bad debts in the normal course of business but these have not had a material overall impact and in the Directors' opinion, there has been no impairment of financial assets. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held as security in relation to its financial assets.

19.05 **Liquidity risk management**

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short term cashflow forecasts and medium term working capital projections.

19.06 **Maturity of financial assets and liabilities**

All of the non-derivative financial liabilities and assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in Note 18.

20. **Share capital and share premium**

20.01 **Number of shares in issue**

	As at 31 December 2015 Number	As at 31 December 2014 Number	As at 31 December 2013 Number
Ordinary shares of 0.5p each	22,415,536	18,114,201	18,038,286
A Ordinary shares of 0.5p each	5,000,044	5,000,044	5,000,044
EIS A Ordinary shares of 0.5p each	324,846	324,846	324,846
	<u>27,740,426</u>	<u>23,439,091</u>	<u>23,363,176</u>

20.02 **Share Capital at Par, fully paid**

	£000	£000	£000
Carried forward			
Ordinary shares of 0.5p each	112	90	90
A Ordinary shares of 0.5p each	25	25	25
EIS A Ordinary shares of 0.5p each	2	2	2
	<u>139</u>	<u>117</u>	<u>117</u>
Movement in year			
Ordinary shares of 0.5p each	22	—	—
A Ordinary shares of 0.5p each	—	—	—
EIS A Ordinary shares of 0.5p each	—	—	—
	<u>22</u>	<u>—</u>	<u>—</u>

The classes of Ordinary shares rank *pari passu* in respect of voting and dividends.

20.03 *Changes in Shares issued*

	<i>Number</i>	<i>Number</i>	<i>Number</i>
Ordinary shares issued at £0.0125	4,258,314	75,915	–
Ordinary shares issued at £0.0128	40,383	–	–
Ordinary shares issued at £0.5000	2,638	–	–
	<u>4,301,335</u>	<u>75,915</u>	<u>–</u>

20.04 *Share Premium Account*

	<i>£000</i>	<i>£000</i>	<i>£000</i>
Brought forward	12,656	12,656	12,656
Arising during the year	35	–	–
Carried forward	<u>12,691</u>	<u>12,656</u>	<u>12,656</u>

No amounts have been charged to the share premium account during the periods presented.

20.05 *Share Options*

Outstanding share options were as follows:

	<i>As at 31 December 2015 Number</i>	<i>As at 31 December 2014 Number</i>	<i>As at 31 December 2013 Number</i>
Outstanding at 1 January	8,670,792	2,113,997	2,189,830
Granted at £0.750 and £0.0128	245,000	6,806,718	–
Lapsed at £0.125	(176,057)	(173,277)	(75,833)
Exercised (see 20.03)	<u>(4,301,335)</u>	<u>(76,646)</u>	<u>–</u>
Outstanding at 31 December	<u>4,438,400</u>	<u>8,670,792</u>	<u>2,113,997</u>
	<i>£</i>	<i>£</i>	<i>£</i>
Weighted average exercise price of outstanding options carried forward	0.6762	0.3469	0.1499

The Directors have assessed the charge arising from the issue of share options as immaterial based on the assumptions below.

20.05 *Share-based payments*

The fair values of the options granted have been calculated using a Black-Scholes model. Assumptions used were an option life of 5 years, a risk free rate of 1%, a volatility of 60% and no dividend yield. Volatility has been estimated as there is no history of the Group's share price. Other inputs were as follows:

	<i>As at 31 December 2015 Number</i>	<i>As at 31 December 2014 Number</i>	<i>As at 31 December 2013 Number</i>
Number granted in period	245,000	6,806,718	–
Weighted average share price at grant date	0.0125	0.0128	–
Exercise price	0.75	0.0128 or 0.75	–

21. (I) *Ultimate controlling party*

No one party has ultimate control of the Group.

22. (II) Related party transactions

22.01 *Remuneration of key personnel*

Key management personnel of the Group are the members of the executive team. Key management personnel remuneration includes the following expenses:

	As at 31 December 2015 £000	As at 31 December 2014 £000	As at 31 December 2013 £000
Short term remuneration	1,030	986	
Benefits in kind	18	17	–
	<u>1,048</u>	<u>1,003</u>	<u>–</u>

22.02 *Transactions and balances with key personnel*

	As at 31 December 2015 £000	As at 31 December 2014 £000	As at 31 December 2013 £000
Amounts owed to key personnel:			
S G Flavell	<u>46</u>	<u>–</u>	<u>–</u>

22.03 *Transactions with related companies and businesses*

The Group has purchased services in the normal course of business from certain companies related to individuals who are or were directors of the Group:

The purchases from these parties and the balances owed at year end are as set out below:

	As at 31 December 2015 £000	As at 31 December 2014 £000	As at 31 December 2013 £000
Purchases from (sales to) related parties:			
Silicon Valley Internship Program LLC	24	9	6
Silicon Valley Internship Program LLC	<u>(23)</u>	<u>(21)</u>	<u>(24)</u>
	<u>1</u>	<u>(12)</u>	<u>(18)</u>
Amounts owed to related parties:			
The Zacando Foundation	7,274	4,709	2,930
Silicon Valley Internship Program LLC	16	(26)	(3)
ScottFin ECE Limited	<u>204</u>	<u>–</u>	<u>–</u>
	<u>7,494</u>	<u>4,683</u>	<u>2,930</u>
Interest charged during the year	<u>758</u>	<u>672</u>	<u>405</u>

The principal terms and conditions are set out in Note 18.

23. Principal Subsidiaries

The Company owns 100% of the issued shares of the following conferencing subsidiaries:

- Ring 2 Communications LLC (incorporated in the USA)
- Ring 2 (HK) Limited (incorporated in Hong Kong)
- Ring 2 (Barbados) Limited (incorporated in Barbados)

The Company also owns 100% of the issued shares of the following dormant company:

- Pimco 2711 Limited (incorporated in the UK)

All subsidiary undertakings have been included in the consolidation.

24. Operating lease arrangements

Outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	<i>As at 31 December 2015 £000</i>	<i>As at 31 December 2014 £000</i>	<i>As at 31 December 2013 £000</i>
Land and buildings			
Within one year	354	348	287
In the first to second years inclusive	219	334	261
In the second to fifth years inclusive	99	294	512
	<u>672</u>	<u>976</u>	<u>1,060</u>

Throughout the period, the UK office was leased at an annual rental of £94,000, payable monthly. The lease expires in December 2016.

The San Francisco office was leased at an annual rental equivalent to £198,000, payable monthly. The lease expires in June 2018.

Smaller offices were also leased during the period in Hong Kong and the US with a total annual cost of approximately £75,000. They expire on various dates and the longest term has been 3 years.

There were no contingent rent arrangements or incentives requiring adjustment.

25. Contingent Liabilities

There were no contingent liabilities for any of the periods presented.

26. First time adoption of IFRS

The date of transition to IFRS is 1 January 2013.

The Group applied IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS) in preparing the 2015 statutory financial statements. Accordingly, those financial statements rather than this Consolidated Historical Financial Information represent the first IFRS consolidated financial statements. The effects of the transition to IFRS on equity, total comprehensive income and reported cash flows are purely presentational apart from the shareholder loans for 2014 and 2013 amounting to £3,892,000 in 2014 and £2,521,000 for the Group and Company being incorrectly classified as split between non-current liabilities and current liabilities. The amounts for both group and company were reclassified to current liabilities in these financial statements. Hence, no transition tables showing material journal adjustments have been required.

Upon transition, IFRS 1 permits certain exemptions from full retrospective application of IFRS. The Group has applied the mandatory exceptions.

27. Subsequent events

- (a) On 8 August 2016, the Company announced its intention to change its name to LoopUp Group plc and to seek the admission of its ordinary shares on AIM.
- (b) There have been no other substantial events since the period that require disclosure.

PART IV

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

The unaudited pro forma statement of net assets of Ring 2 Communication Limited, after giving effect to the Reorganisation, set out below has been prepared to illustrate the effect of receipt of the net proceeds of the Placing, partial repayment of the Growth Round Development Facility ("GRDF") and the GRDF Capitalisation Agreement on the Group's net assets as if the Reorganisation, the Placing and repayment of the GRDF have been completed on 31 December 2015.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore, does not represent the Group's actual financial condition or results. The unaudited pro forma statement of net assets is based on the net assets of Ring2 Communication Limited as at 31 December 2015, as set out in Part III of this document. It may not, therefore, give a true picture of the Group's financial condition or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The pro forma statement of net assets has been prepared on the basis set out in the notes below.

	As at 31 December 2015 (Audited)	Net proceeds of the Placing Note 1	Repayment of existing debt and Interest Note 2	Conversion of existing debt into Ordinary Shares Note 3	Unaudited pro forma net assets as at 31 December 2015
	£ million	£ million	£ million	£ million	£ million
ASSETS					
<i>Non-current assets</i>					
Property, plant and equipment	0.34	–	–	–	0.34
Intangible assets	3.03	–	–	–	3.03
Total non-current assets	3.37	–	–	–	3.37
<i>Current assets</i>					
Trade and other receivables	2.10	–	–	–	2.10
Cash and cash equivalents	0.40	7.50	(3.50)	–	4.40
Current tax	0.48	–	–	–	0.48
Total current assets	2.98	7.50	(3.50)	–	6.98
Total assets	6.35	7.50	(3.50)	–	10.35
LIABILITIES					
<i>Non-current liabilities</i>					
Borrowings	5.54	–	(1.29)	(4.25)	–
Total non-current liabilities	5.54	–	(1.29)	(4.25)	–
<i>Current liabilities</i>					
Trade and other payables	1.17	–	–	–	1.17
Accruals and deferred income	0.49	–	–	–	0.49
Borrowings	2.21	–	(2.21)	–	–
Total current liabilities	3.87	–	(2.21)	–	1.66
Total liabilities	9.41	–	(3.50)	(4.25)	1.66
NET (LIABILITIES) / ASSETS	(3.06)	7.50	–	4.25	8.69

Notes:

1. The gross proceeds of the Placing are £8.5 million from the issue of 8,500,000 Ordinary Shares at 100 pence per Placing Share. The proceeds of the Placing are stated after deducting the following costs related to Admission:

	£000
Gross proceeds	8,500
Less costs (excluding VAT)	<u>1,000</u>
Net proceeds	<u>7,500</u>

2. The Group intends to repay £3.5 million of the outstanding GRDF immediately after Admission with part of the Placing proceeds and existing Group Cash balance at Admission. This has been illustrated in the unaudited pro forma statement of net assets above based on the amount outstanding at 31 December 2015. That actual amount outstanding is estimated to be approximately £10.1 million (\$13.2 million).
3. £4.5 million of the existing debt will be converted into A ordinary shares in the capital of the Company. As the actual debt outstanding at 31 December 2015 was lower than the debt repayment and the amount of debt converted into A ordinary shares in the capital of the Company, the difference of £250,000 has been shown within cash and cash equivalents above.
4. No account has been taken of any movement in the net assets of LoopUp Group plc since incorporation or Ring2 Communications Limited since 31 December 2015, nor of any other event save as disclosed above.

PART V

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for the Company's compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered in England and Wales on 1 February 2016 under the name Pacific Shelf 1812 Limited with registered number 09980752 as a private company limited by shares under the Companies Act, with a view to it becoming the new holding company of Ring2 in order to facilitate Admission.
- 2.2 The principal legislation under which the Company operates is the Companies Act.
- 2.3 The liability of the Company's members is limited.
- 2.4 On 11 March 2016, the Company changed its name from Pacific Shelf 1812 Limited to LoopUp Limited. On 8 June 2016, the Company changed its name to LoopUp Group Limited. On 17 June 2016, Stephen Flavell was appointed as a director of the Company and Alastair Keatley was appointed as company secretary and the existing director resigned.
- 2.5 On 1 August 2016, Steve Flavell, as the sole director of the Company, resolved to appoint Michael Hughes as an additional director of the Company with immediate effect.
- 2.6 On 1 August 2016, the then-appointed directors, resolved to appoint each of Simon Healey, Mike Reynolds, Nico Goulet and Barmak Meftah as additional directors of the Company with effect from 2 August 2016.
- 2.7 On 1 August 2016, the then-appointed directors resolved to appoint Lady Barbara Judge as an additional director of the Company with effect from Admission.
- 2.8 On 18 August 2016, the Company was re-registered as a public company under the name LoopUp Group plc.
- 2.9 The Company was issued with a certificate of re-registration pursuant to section 96 of the Companies Act on 18 August 2016.
- 2.10 The registered office and principal place of business of the Company is 1st Floor, 78 Kingsland Road, London E2 8DP.
- 2.11 The Company's website is at www.loopup.com.
- 2.12 The Company's registered office telephone number is +44 (0)20 3107 0207.

3. The Group and its principal activities

- 3.1 The business of the Company and its principal activity is to act as a holding company. The Group's activities and operations are carried on by Ring2 Communications Limited, a wholly owned subsidiary of the Company. The Company will, upon Admission, be the holding company of the Group and its subsidiaries will be:

<i>Name</i>	<i>Registered Number</i>	<i>Principal activity</i>	<i>Status</i>	<i>Country of incorporation</i>	<i>Interest held by the Company</i>
Ring2 Communications Limited	04677393	Remote meeting services	Active	England and Wales	100% of its shares held by the Company
Ring2 (HK) Limited	1611980	Remote meeting services	Active	Hong Kong	100% of its shares held by Ring2

<i>Name</i>	<i>Registered Number</i>	<i>Principal activity</i>	<i>Status</i>	<i>Country of incorporation</i>	<i>Interest held by the Company</i>
Ring2 Communications LLC	LLC11486-2003 200330810149	Remote meeting services	Active	State of Nevada, USA	100% of its shares held by Ring2
Ring2 (Barbados) Limited	35849	Remote meeting services	Active	Barbados	100% of its shares held by Ring2
Pimco 2711 Limited	06423143	Remote meeting services	Dormant	England and Wales	100% of its shares held by Ring2

3.2 Ring2 is a direct subsidiary of the Company. Ring2 (HK) Limited, Ring2 Communications LLC, Ring2 (Barbados) Limited and Pimco 2711 are, and will remain, direct subsidiaries of Ring2. All the subsidiaries will upon Admission be, wholly owned.

3.3 Save as referred to in the paragraphs above, the Company does not hold any shares or other securities in the capital of any company and is not otherwise part of a group of companies.

4. Share Capital

4.1 The issued share capital of the Company immediately following Admission and the Placing will be 40,784,176 Ordinary Shares with an aggregate nominal value of £203,920.88:

4.2 On incorporation, one fully paid up ordinary share of £1 in the capital of the Company was subscribed for and issued. Since incorporation the following alterations to the Company's share capital have occurred:

4.2.1 In preparation for Admission a corporate reorganisation was effected (the "Reorganisation") including the following steps.

4.2.2 On 18 July 2016 the Company made an offer to the shareholders of Ring2 by way of a share for share exchange conditional upon receiving the consent of the directors, the holders of 75% or more of each class of share in the capital of Ring2 and of the holders of 75% or more of the issued shares in the capital of Ring2 pursuant to which the Company acquired the 22,459,286 ordinary shares of 0.5 pence each, the 5,000,044 A ordinary shares of 0.5 pence each and the 324,846 EIS A ordinary shares in the capital of Ring in consideration for the issue of the same number of shares of the same class in the capital of the Company. The subscriber share of £1 in the capital of the Company would be cancelled at the same time. Accordingly the issued share capital of the Company on completion of the Reorganisation was, and as at the date of this document is, a mirror image of the issued share capital of Ring2 prior to the Reorganisation and the rights attaching to each class of share in the capital of the Company were the same as those attaching to the shares of that class in Ring2. On Admission each of the shares in the capital of the Company will automatically convert into Ordinary Shares such that, immediately prior to the Placing the Company will have an issued share capital of 27,784,176 Ordinary Shares with an aggregate nominal value of £138,920.88. The Company also offered holders of outstanding options over shares in Ring2 options over shares in the Company on the same terms by way of an option for option exchange.

4.2.3 The consents of the directors, shareholders and each class of shareholder in Ring2 were duly obtained and the offer was completed on 2 August 2016. On completion of the offer a shareholders' agreement dated 29 July 2003 between certain shareholders of Ring2 terminated.

4.2.4 On 17 August 2016, the shareholders of the Company passed resolutions to:

- (a) re-register the Company as a public limited company under the name LoopUp Group plc and a certificate of incorporation on re-registration was issued on 18 August 2016;
- (b) subject to Admission, adopt the Articles, with effect from Admission;
- (c) authorise the directors to allot shares or grant rights to subscribe for or convert any security into shares in the Company (i) up to a maximum nominal amount of £12,000,000 to capitalise the Placing (ii) up to a maximum nominal value of £4,000,000 to facilitate debt due under the GRDF Capitalisation Agreement and (iii) up to a further maximum nominal aggregate amount of £46,306 (being equal to approximately one third of the Existing Ordinary Shares) which authority expires on the date of the next annual general meeting of the Company;

- (d) empower the directors to allot equity securities within the meaning of section 560 of the Companies Act pursuant to the authority set out in (c) above as if section 561 of the Companies Act did not apply to such allotment provided that the power is limited to the allotment of equity securities as follows:
 - (i) up to an aggregate nominal value of £12,000,000 in order to facilitate the Placing;
 - (ii) up to an aggregate nominal value of £4,000,000 in order to facilitate debt due under the GRDF Capitalisation Agreement;
 - (iii) in connection with any offer by way of rights or an open offer of relevant equity securities where the equity securities respectively attributed to the holders of all equity securities are proportionate (as nearly as may be) to the respective numbers of equity securities held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with equity securities which represent fractional entitlements or on account of either legal or practical problems arising in connection with the laws or requirements of any regulatory or other authority in any jurisdiction; and
 - (iv) otherwise than pursuant to (i) or (ii) or (iii) above, up to an aggregate nominal value of £13,890 (being approximately 10% of the Existing Ordinary Shares).
- 4.3 The Ordinary Shares shall have the rights and be subject to the restrictions referred to in paragraph 5.1 of this Part V.
- 4.4 The Board has, prior to Admission, granted options as set out in paragraphs 6.1 and 7.6 of this Part V. Following Admission, the total number of Ordinary Shares under option will be 4,407,106, representing approximately 10.8% of the Enlarged Share Capital. The maximum number of Ordinary Shares that may be made available under the Share Option Schemes or any other option plan will not exceed 15% of the Company's issued share capital.
- 4.5 Save as set out above and in paragraphs 6.1 and 7.6 of this Part V at Admission the Company will not have any Ordinary Shares in issue or under option save for the Placing Shares. In addition the Company will not have in issue any securities not representing share capital or any outstanding convertible securities.
- 4.6 The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after the date of this document. The Placing Shares will be freely transferable in accordance with the Articles.
- 4.7 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made for the Ordinary Shares to be admitted to CREST with effect from Admission and Euroclear UK & Ireland has agreed to such admission. No temporary documents of title will be issued. It is expected that definitive certificates will be posted to those Shareholders who are to receive their Ordinary Shares in certificated form by 7 September 2016.
- 4.8 The Company does not have in issue any securities not representing share capital.
- 4.9 There are no shares held by or on behalf of the Company in itself or by any other member of the Group in the Company.
- 4.10 Save as set out in this document the Company has not issued any convertible securities, exchangeable securities or securities with warrants.
- 4.11 Save as disclosed in this document, no person has any acquisition right over, and the Company has incurred no obligation over, the Company's unissued share capital.
- 4.12 Save as disclosed in this Part V:
 - 4.12.1 no share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
 - 4.12.2 no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

- 4.12.3 no commission, discount, brokerage or any other special term has been granted by the Company or any of its subsidiaries or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company or any of its subsidiaries;
- 4.12.4 no fee and no founder, management or deferred shares have been issued by the Company; and
- 4.12.5 there has been no change in the amount of the issued share capital of the Company and no material change in the amount of the issued share capital of any of its subsidiaries.

5. Summary of the Articles

5.1 Articles

The Articles include provisions to the following effect:

5.1.1 Objects

The Articles contain no restriction on the objects of the Company.

5.1.2 Capital structure

The share capital of the Company is represented by an unlimited number of Ordinary Shares having the rights described in the Articles.

5.1.3 Voting rights

Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every Ordinary Share of which he is the holder. Votes may be given personally or by proxy.

5.1.4 Dividends

Subject to the Companies Act and as set out in the Articles, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. No dividend may be paid otherwise than in accordance with the Companies Act. The Board may at any time declare and pay such interim dividends as appears to be justified by the position of the Company.

Except as otherwise provided by the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the nominal amount of the shares on which the dividend is paid but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal amount of the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Any dividend or other moneys payable in respect of a share may be paid:

- (a) in cash;
- (b) by cheque or warrant sent by post to the address in the Register of the person entitled to the moneys or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to the address in the Register of that one of those persons who is first named in the Register in respect of the joint holding or to such person and to such address as the person or persons entitled to the moneys may in writing direct. Every such cheque or warrant shall be made payable to the person or persons entitled to the moneys or to such other person as the person or persons so entitled may in writing direct and shall be sent at the risk of the person or persons so entitled. Any such cheque or warrant may be crossed "account payee" although the Company shall not be obliged to do so;
- (c) by bank transfer to such account (of a type approved by the Board) as the person or persons entitled to the moneys may in writing direct; or

- (d) by such other method of payment approved by the Board as the person or persons entitled to the moneys may in writing agree to.

5.1.5 *Redemption*

Subject to the provisions of the Companies Act and the Articles, the Company can issue shares which are required to be redeemed and shares which may be redeemed at the option of the Company or the relevant member.

5.1.6 *Variation of class rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of the shares in issue may from time to time be varied or abrogated, whether or not the Company is being wound up, with the sanction of a special resolution passed at a separate meeting of holders of the issued shares of the class held in accordance with the Articles (but not otherwise).

The special rights conferred on the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The rights conferred on the holders of shares shall be deemed not to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of Ordinary Shares be required to any variation or abrogation effected by a resolution on which only the holders of Ordinary Shares are entitled to vote.

5.1.7 *Issue of shares*

Subject to the provisions of the Companies Act and without prejudice to any rights attaching to any existing shares, shares may be issued with such rights or restrictions as the Company may, by ordinary resolution, determine or in the absence of such determination, or as far as any such resolution does not make specific provision, as the Board may determine.

5.1.8 *Form and transfer of shares*

The Board may issue shares as certificated or uncertificated shares, subject to any restrictions on transfers described below:

A share held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form which the Board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. A share held in uncertificated form may be transferred by means of a relevant system. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the Register as its holder.

Every member (other than a person who is not entitled to a certificate under the Companies Act) is entitled, on becoming a holder of any shares in certificated form and without payment, to a certificate for all shares of each class held by him in certificated form. If a share certificate is worn out, defaced, lost, destroyed or stolen it may be renewed without fee but on such terms as to evidence and indemnity as the Board requires. In the case of loss, theft, or destruction, the person to whom the new certificate is issued may be required to pay any exceptional out of pocket expenses incidental to the investigation of evidence of loss, theft or destruction and the preparation of an appropriate form of indemnity. Every share certificate is sent at the risk of the person entitled thereto.

The Board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that, where any such shares are admitted to the Official List or admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer of shares held in certificated form unless the instrument of transfer is:

- (a) duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the transfer office or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares

to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;

- (b) in respect of only one class of shares; and
- (c) in favour of not more than four transferees.

If the Board refuses to register a transfer of shares held in certificated form, it shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the Register affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but (except in the case of fraud) any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

For all purposes of these Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing contained in these Articles shall release the estate of a deceased member from any liability in respect of any share which had been held (whether solely or jointly) by him.

5.1.9 *Calls*

Subject to the terms of allotment, the directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares including any premium and each member shall (subject to being given at least 14 clear days' notice specifying where and when payment is to be made) pay to the Company the specified amount called on his shares. If any sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid. Interest shall be paid at a rate fixed by the terms of allotment of the share or in the notice of the call; or if no rate is fixed, at the appropriate rate per annum from the day appointed for the payment thereof to the time of the actual payment. Directors may at their discretion waive payment of any such interest in whole or in part.

5.1.10 *Forfeiture*

If a member fails to pay any call or instalment of a call on the day appointed for payment of such call or instalment, the directors may serve a notice on him requiring payment of so much of the amount unpaid together with any interest which may have accrued and any expenses which have been incurred by the Company due to the default. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determine and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding such forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with all expenses and interest from the date of forfeiture or surrender until payment, but his liability shall cease if and when the Company receives payment in full of the unpaid amount.

A statutory declaration in writing that the declarant is a director or the secretary of the Company, and that the particular share of the Company has been duly forfeited on a date stated in the

declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the forfeited share.

5.1.11 *Disclosure of interests*

The Company may give notice to any member or any person whom the Company knows or has reasonable cause to believe (a) to be interested in the Company's shares or (b) to have been so interested at any time in the three years immediately preceding the date on which the notice is issued. The notice may require the person (a) to confirm that fact or (as the case may be) to state whether or not it is the case and (b) if he holds, or has during that time held, any such interest, to give such further information as may be required in accordance with section 793 of the Companies Act (including particulars of the interest (present or past) and the identity of the persons interested in the shares in question).

If the Company has served a disclosure notice on a member or any other person appearing to be interested in shares referred to in the disclosure notice, and the Company has not received the information required in the disclosure notice within fourteen days after service of the disclosure notice, the directors may determine that the member holding the specified shares shall be subject to restrictions in respect of those shares (including restrictions as to voting, right to transfer the shares and right to receive dividends).

5.1.12 *Directors*

Unless otherwise determined by the Board, the number of directors shall be not less than two.

The directors may be paid all reasonable travelling, hotel and other expenses as they may incur in connection with their attendance at meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director, employee or former employee who has held but no longer holds any office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking or a predecessor in business of the Company or of any subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit. The power conferred by the Companies Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries, in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any subsidiary shall be exercised by the Board.

At each annual general meeting one third of the directors for the time being (or if their number is not a multiple of three, the number nearest to one-third) shall retire from office. A director who retires at an annual general meeting shall be eligible for re-election. Any director may be removed from office by ordinary resolution of the Company of which special notice has been given in accordance with section 312 of the Companies Act. The directors are not subject to a mandatory retirement age.

5.1.13 *Directors' interests*

A director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board.

A director may not vote (or be counted in the quorum) in respect of any resolution of the directors or committee of the directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by his interest in shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or insurance policies for the benefit of directors or (ii) in circumstances where a director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.

Any director may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

5.1.14 *Disclosure of interests*

Subject to the provisions of the Companies Act, and provided that he has disclosed to the Board the nature and extent of any interest of his in accordance with the Articles, a director notwithstanding his office:

- (a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer of, or employed by or party to any transaction or arrangement with, or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (c) shall not be, by reason of his office, accountable to the Company for any benefits derived from any such office or employment or from any transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

5.1.15 *Authorisation of interests*

The directors may authorise, to the fullest extent permitted by law, any matter proposed to them which would otherwise result in a director infringing his duty under the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest.

Authorisation of a matter is effective only if (i) the matter has been proposed to the directors at a meeting of the directors or for the authorisation of the directors by resolution in writing and in accordance with the Board's normal procedures or in such other manner as the Board may approve, (ii) any requirement as to quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director; and (iii) the matter has been agreed to without the director in question and any other interested director voting or would have been agreed to if their votes had not been counted.

An interest of a person connected (within the meaning ascribed by section 252 of the Companies Act) with a director shall be treated as an interest of the director.

5.1.16 *Borrowing powers*

The directors may exercise all the powers of the Company to borrow money and to give guarantees, hypothecate, mortgage, charge or pledge the assets, property and undertaking of the Company or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.1.17 *Annual General Meetings and General Meetings*

An annual general meeting shall be held at such time and place as the Board may determine. The Board may call general meetings and, on the requisition of members pursuant to the provisions of the Companies Act, shall forthwith convene a general meeting. If there are not sufficient directors capable of acting to call a general meeting, any director may call a general meeting. If there is no director able to act, any two members may call a general meeting for the purpose of appointing directors.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. A quorum is two members present in person or by proxy and entitled to vote upon the business to be transacted at the meeting.

A general meeting and a meeting called for the passing of a special resolution shall be called by at least 21 days' clear notice in writing. A meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by not less than 14 days' clear notice. The notice shall specify the place, the day and the time of the meeting and, in the case of special business, the general nature of that business. A notice calling an annual general meeting shall specify the meeting as such and a notice for the passing of a special resolution shall specify the intention to propose the resolution as a special

resolution and the terms of the resolution. Every member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member. To determine which persons are entitled to attend or vote at a meeting and how many votes a person may cast, the Company may specify in the notice a time, not more than 48 hours before the time fixed for the general meeting (not taking into account non-working days) by which a person must be entered in the Register in order to have the right to attend or vote at the meeting or appoint a proxy to do so.

The accidental omission to give notice of a meeting, or to send an instrument of proxy or invitation to appoint a proxy as provided by these Articles, to any person entitled to receive notice, or the non-receipt of notice of a meeting or instrument of proxy or invitation to appoint a proxy by such a person, shall not invalidate the proceedings at that meeting.

Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

5.1.18 *Annual Accounts and Financial Statements*

Save as provided in the Articles, a copy of the annual accounts of the Company together with a copy of the auditors' report and the directors' report and any other documents required to accompany or to be annexed to them shall, not less than 21 clear days before the date of the general meeting at which copies of those documents are to be laid, be sent to every member and to every debenture holder of the Company and to every other person who is entitled to receive notices from the Company of general meetings.

Copies of the documents referred to in the Articles need not be sent:

- (a) to a person who is not entitled to receive notices of general meetings and of whose address the Company is unaware; or
- (b) to more than one of the joint holders of shares or debentures in respect of those shares or debentures.

provided that any member or debenture holder to whom a copy of such documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

The Company may send a summary financial statement to any of the persons otherwise entitled to be sent copies of the documents referred to in the Articles instead of or in addition to those documents and, where it does so, the statement shall be delivered or sent to such person not less than 21 clear days before the general meeting at which copies of those documents are to be laid.

5.1.19 *Winding up*

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

5.1.20 *Untraceable shareholders*

The Company shall be entitled to sell at the best price reasonably obtainable any member's shares or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if:

- (a) for a period of twelve years, no cash dividend payable in respect of the shares has been claimed, no cheque or warrant sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled to the shares at his address on the Register or (if different) the last known address given by the member or the person so entitled to which cheques and warrants are to be sent has been paid, each attempt to make a payment in respect of the shares by means of bank transfer or other method for the payment of dividends or other moneys in respect of shares has failed and

no communication has been received by the Company from the member or the person so entitled (in his capacity as member or person entitled);

- (b) in such period of twelve years at least three dividends (whether interim or final) have become payable on the shares;
- (c) the Company has at the expiration of the said period of twelve years by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in the Articles is located given notice of its intention to sell such shares; and
- (d) during the period of three months following the publication of the said advertisements the Company has received no communication in respect of such share from such member or person entitled.

If at any time during or after the said period of twelve years further shares have been issued in right of those held at the commencement of that period or of any issued in right during that period and, since the date of issue, the requirements of the Articles have been satisfied in respect of such further shares, the Company may also sell the further shares.

To give effect to a sale pursuant to the preceding Article the Board may authorise any person to execute an instrument of transfer or otherwise effect the transfer of the shares to be sold. If the shares concerned are in uncertificated form, in accordance with the Regulations, the Company may issue a written notification to the Operator requiring conversion of the shares into certificated form. The purchaser shall not be bound to see to the application of the purchase moneys and the title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled to the shares for an amount equal to the net proceeds, which shall be a debt of the Company, and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created and no interest shall be payable in respect of the debt, and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments for the benefit of the Company as the Board may from time to time determine.

6. Share Option Schemes

6.1 Outstanding share options

6.1.1 As part of the Reorganisation, employees holding outstanding options over ordinary shares in the capital of Ring2 ("Ring2 Options") were offered the opportunity to exchange their Ring2 Options for new options, of equivalent value, over Ordinary Shares ("Options"). The terms of the Options are the same as those for the Ring2 Options.

6.1.2 There are currently in aggregate 4,407,106 Options outstanding, with an average strike price of 69.4 pence each.

6.1.3 The Company has adopted three new share option plans being the EMI Plan, the USOP and the Non-Employee Option Contracts (the "Option Plans") which replicate those previously provided by Ring2.

6.1.4 The principal terms of the Option Plans are summarised below.

6.2 The EMI Plan

6.2.1 Overview

The EMI Plan is a UK tax-advantaged, discretionary share option plan which provides for the grant of Options ("EMI Options") to qualifying employees. EMI Options granted under the EMI Plan are not transferable and are not pensionable. Following Admission, the operation of the EMI Plan will be overseen by the Board, who may delegate responsibility for the operation of the EMI Plan to the Company's remuneration committee.

6.2.2 Eligibility

Participation in the EMI Plan is restricted to selected employees, including executive directors, at the discretion of the Board. EMI Options may only be granted to qualifying Employees, in accordance with the legislation governing EMI Options.

6.2.3 *Grant of EMI Options*

EMI Options may be granted at any time, at the discretion of the Board.

Following Admission, no EMI Option may be granted in breach of the AIM Rules or the Company's share dealing code. No EMI Option may be granted after 25 October 2020.

6.2.4 *Exercise Price*

The price per Ordinary Share payable on the exercise of an EMI Option (the "EMI Exercise Price") is determined by the Board when EMI Options are granted. The EMI Exercise Price on any occasion may be equal to or less than the market value of an Ordinary Share at the time of grant, and may be nil.

6.2.5 *Individual limits on participation*

The aggregate market value of Ordinary Shares over which EMI Options may be granted to any employee will not exceed £250,000, or such other limit as may be imposed by the legislation governing EMI Options from time to time.

6.2.6 *Limits on the issue of new Ordinary Shares*

The number of Ordinary Shares which are issued or issuable under the EMI Plan, when added to the number of Ordinary Shares issued or issuable pursuant to the EMI Plan and any other employees' share scheme of the Company in the period of 10 years ending on that day (excluding any rights to subscribe for Ordinary Shares granted prior to Admission), shall not exceed 30% of the issued Ordinary Share capital of the Company on that day.

6.2.7 *Performance condition*

The vesting of an EMI Option may be conditional on the performance of the Company and/or a subsidiary and/or the employee (an "EMI Performance Condition"), measured over such a period ("EMI Performance Period") and against such objective criteria as the Board may specify at the time of grant.

If, at the end of the EMI Performance Period, the EMI Performance Condition is not (and has not been deemed to be) satisfied, the EMI Option will immediately lapse and cease to be exercisable.

6.2.8 *Leaving employment*

As a general rule, an EMI Option may only vest whilst an employee remains employed by the Group.

However, an EMI Option may vest if an employee ceases to be employed by the Group due to his employer company requesting him to leave for a reason other than, broadly, the employee's conduct. The extent to which an EMI Option will vest in these circumstances will be determined by the Board, taking into account the extent to which the EMI Option would have vested within the following six months. The EMI Option will remain exercisable, to the extent vested, for 36 months from the date of leaving.

Where an employee leaves voluntarily, or is asked to leave by his employer company as a result of his conduct, his EMI Option will lapse to the extent that it has not vested at that time. His EMI Option will remain exercisable in respect of any vested Ordinary Shares for a period of 24 months from the date of leaving, unless leaving is as a result of his conduct in which case it must be exercised, if at all, within 6 months of leaving.

Where an employee leaves due to his death, his EMI Option will lapse to the extent that it has not vested at that time. His EMI Option will remain exercisable by his personal representatives in respect of any vested Ordinary Shares for a period of 12 months from the date of leaving.

6.2.9 *Corporate events*

If there is a change of control of the Company, the EMI Options will vest and become exercisable in full. If there is a demerger or statutory reconstruction or voluntary winding up of the Company, the Board will determine whether, and the extent to which, the EMI Options may vest and become exercisable.

6.2.10 *Payment of tax and NICs*

The employee is responsible for the payment of all relevant income tax and employee NICs relating to his EMI Option. The Company may withhold an amount equal to such liabilities from any amounts due to the employee (to the extent such withholding is lawful) and/or withhold and sell sufficient Ordinary Shares subject to the EMI Option, in satisfaction of these liabilities.

6.2.11 *Amendment of the EMI Plan*

The Board may at any time alter or add to all or any of the provisions of the EMI Plan in any respect, provided that no alteration, deletion or addition shall be made to the rules regarding the persons to whom EMI Options may be granted, the limitations on the number of Ordinary Shares which may be issued, the individual limits on participation, or the principal terms governing the vesting of EMI Options, without the prior approval of Shareholders. This is subject to exceptions for any alteration which relates solely to EMI Performance Conditions, or any minor alteration, deletion or addition which is to benefit the administration of the EMI Plan or is necessary or desirable to take account of any change in legislation or maintain favourable taxation, exchange control or regulatory treatment.

6.3 ***The USOP***

6.3.1 *Overview*

The USOP is a discretionary share option plan which provides for the grant of Options ("USOP Options") to employees. USOP Options are not transferable and are not pensionable. Following Admission, the operation of the USOP Plan will be overseen by the Board, who may delegate responsibility for the operation of the USOP Plan to the Company's remuneration committee.

6.3.2 *Eligibility*

Participation in the USOP Plan is restricted to selected employees, including executive directors, at the discretion of the Board.

6.3.3 *Grant of USOP Options*

USOP Options may be granted at any time, at the discretion of the Board.

Following Admission, no Option may be granted in breach of the AIM Rules or the Company's share dealing code. No USOP Options may be granted after 25 October 2020.

6.3.4 *Exercise Price*

The price per Ordinary Share payable on the exercise of a USOP Option (the "USOP Exercise Price") is determined by the Board when the USOP Options are granted. Following Admission, the Exercise Price must not be less than the market value of an Ordinary Share on the date of grant.

6.3.5 *Limits on the issue of new Ordinary Shares*

The number of Ordinary Shares which are issued or issuable under the USOP Plan, when added to the number of Ordinary Shares issued or issuable pursuant to the USOP Plan and any other employees' share scheme of the Company in the period of 10 years ending on that day (excluding any rights to subscribe for Ordinary Shares granted prior to Admission), shall not exceed 30% of the issued Ordinary Share capital of the Company on that day.

6.3.6 *Performance condition*

The vesting of a USOP Option may be conditional on the performance of the Company and/or a subsidiary and/or the employee (a "USOP Performance Condition"), measured over such a period ("USOP Performance Period") and against such objective criteria as the Board may specify at the time of grant.

If, at the end of the USOP Performance Period, the USOP Performance Condition is not (and has not been deemed to be) satisfied, the USOP Option will immediately lapse and cease to be exercisable.

6.3.7 *Leaving employment*

As a general rule, a USOP Option may only vest whilst an employee remains employed by the Group.

However, a USOP Option may vest if an employee ceases to be employed by the Group due to his employer company requesting him to leave for a reason other than, broadly, the employee's conduct. The extent to which a USOP Option will vest in these circumstances will be determined by the Board, taking into account the extent to which the USOP Option would have vested within the following six months. The USOP Option will remain exercisable, to the extent vested, for 36 months from the date of leaving.

Where an employee leaves voluntarily, or is asked to leave by his employer company as a result of his conduct, his USOP Option will lapse to the extent that it has not vested at that time. His USOP Option will remain exercisable in respect of any vested Ordinary Shares for a period of 24 months from the date of leaving, unless leaving is as a result of his conduct in which case it must be exercised, if at all, within 6 months of leaving.

Where an employee leaves due to his death, his USOP Option will lapse to the extent that it has not vested at that time. His USOP Option will remain exercisable by his personal representatives in respect of any vested Ordinary Shares for a period of 24 months from the date of death.

6.3.8 Corporate events

If there is a change of control of the Company, the USOP Options will vest and become exercisable in full. If there is a demerger or statutory reconstruction or voluntary winding up of the Company, the Board will determine whether, and the extent to which, the USOP Options may vest and become exercisable.

6.3.9 Payment of tax and NICs

The employee is responsible for the payment of all relevant income tax and employee NICs relating to his USOP Option. The Company may withhold an amount equal to such liabilities from any amounts due to the employee (to the extent such withholding is lawful) and/or withhold and sell sufficient Ordinary Shares subject to the USOP Option, in satisfaction of these liabilities.

6.3.10 Amendment of the USOP Plan

The Board may at any time alter or add to all or any of the provisions of the USOP Plan in any respect, provided that no alteration, deletion or addition shall be made to the rules regarding the persons to whom USOP Options may be granted, the limitations on the number of Ordinary Shares which may be issued, the individual limits on participation, or the principal terms governing the vesting of USOP Options, without the prior approval of Shareholders. This is subject to exceptions for any alteration which relates solely to USOP Performance Conditions, or any minor alteration, deletion or addition which is to benefit the administration of the USOP Plan or is necessary or desirable to take account of any change in legislation or maintain favourable taxation, exchange control or regulatory treatment.

6.4 Non-Employee Option Contracts

6.4.1 Overview

The Board may at any time decide to grant an Option to an individual who holds office and/or provides services to the Group, and who is not employed by the Group (the "Non-Employee Optionholder"). Such Options are not transferable and are not pensionable. Following Admission, the administration of the Non-Employee Option Contracts will be overseen by the Board, who may delegate responsibility for the administration of the Non-Employee Option Contracts to the Company's remuneration committee.

6.4.2 Eligibility and grant of Options

The Board may decide to grant an Option to a Non-Employee Optionholder, from time to time.

6.4.3 Exercise Price

The price per Ordinary Share payable on the exercise of an Option (the "Non-Employee Exercise Price") is determined by the Board when the Option is granted.

6.4.4 Performance condition

The vesting of an Option may be conditional on the performance of the Company and/or a subsidiary and/or the Non-Employee Optionholder (a "Non-Employee Performance Condition"),

measured over such a period ("Non-Employee Performance Period") and against such objective criteria as the Board may specify at the time of grant.

If, at the end of the Non-Employee Performance Period, the Non-Employee Performance Condition is not (and has not been deemed to be) satisfied, the Option will immediately lapse and cease to be exercisable.

6.4.5 *Cessation of services*

As a general rule, an Option may only vest whilst a Non-Employee Optionholder continues to provide services to, and/or hold office with, the Group.

However, an Option may vest if the Non-Employee Optionholder ceases to provide services to, and/or hold office with, the Group due to having been requested to leave by a member of the Group for a reason other than, broadly, the Non-Employee Optionholder's conduct. The extent to which an Option will vest in these circumstances will be determined by the Board, taking into account the extent to which the Option would have vested within the following six months. The Option will remain exercisable, to the extent vested, for 24 months from the date of leaving.

Where a Non-Employee Optionholder leaves voluntarily, or is asked to leave by the company engaging him as a result of his conduct, his Option will lapse to the extent that it has not vested at that time. His Option will remain exercisable in respect of any vested Ordinary Shares for a period of 24 months from the date of leaving, unless leaving is as a result of his conduct in which case it must be exercised, if at all, within 6 months of leaving.

Where a Non-Employee Optionholder dies, his Option will lapse to the extent that it has not vested at that time. His Option will remain exercisable by his personal representatives in respect of any vested Ordinary Shares for a period of 24 months from the date of death.

6.4.6 *Corporate events*

If there is a change of control of the Company, the Options will vest and become exercisable in full. If there is a demerger or statutory reconstruction or voluntary winding up of the Company, the Board will determine whether, and the extent to which, the Options may vest and become exercisable.

6.4.7 *Payment of tax and NICs*

The Non-Employee Optionholder is responsible for the payment of any income tax and employee NICs relating to his Option. The Company may withhold an amount equal to such liabilities from any amounts due to the Non-Employee Optionholder (to the extent such withholding is lawful) and/or withhold and sell sufficient Ordinary Shares subject to the Option, in satisfaction of these liabilities.

It is a condition of an Option that the Non-Employee Optionholder agrees to bear the burden of any employer NICs liability that may arise in connection with the Option.

7. Directors' and Other Interests

7.1 The Directors and their respective functions are set out on page 7 of this document.

7.2 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member, in addition to their directorship of the Company, are set out below:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Steve Flavell	S.O. 2016 Limited A Pet Above the Rest Limited Pimco 2711 Limited Ring2 Communications Limited Ring2 (HK) Limited Ring2 (Barbados) Limited	None
Michael Hughes	Pimco 2711 Limited Ring2 Communications Limited Ring2 Communications LLC Ring2 (Barbados) Limited Silicon Valley Internship Programme Inc SVIP House LLC British American Business Council	None
Simon Healey	None	Prolita Limited Zipcar (UK) Limited
Lady Barbara Judge	Arxiel Ventures BTJ Consulting Limited Lauder Institute, The Wharton School Recipco Holdings Ltd Wharton Business School Executive Board For Europe, Africa And Middle East Consileon AG Barclays Capital Services Ltd Executive Alumni Ltd Gen4 Energy, Inc Magna International Inc. Millennium Associates (UK) Limited Tokyo Electric Power Co, Inc Company Factory LLP Pell Frischmann S2 Ltd Pell Frischmann S1 Ltd Dementia UK Athene Capital LLP Portmeirion Group Public Limited Company Tigerrock Advisors LLP W Willow Limited	Pension Protection Fund Bekaert NV Netscientific Plc Liquidnet Holdings, Inc. Hill & Associates Ltd Planet Payment, Inc. Nationwide Accident Repair Services Limited PA Consulting Holdings Limited The Ditchley Foundation Statoil ASA Hardy (Underwriting Agencies) Limited PACG2 Limited
Barmak Meftah	AlienVault, Inc Sparkcentral, Inc	Ring2 Communications Limited
Mike Reynolds	None	Ring2 Communications Limited 2degrees Mobile Limited
Nico Goulet	Adara Venture Partners (I & II) Marud Kidner S.L.	Ring2 Communications Limited Illuminate Solutions S.L. Genasys S.L. Elastix Solutions S.L. Ecutronic Technologies S.L. Precision Vehiculos & Talleres S.L.

- 7.3 Save as disclosed in this document, none of the Directors:
- 7.3.1 is currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership within the five years immediately preceding the date of this document;
 - 7.3.2 has any unspent convictions in relation to indictable offences;
 - 7.3.3 has been declared bankrupt or has entered into an individual voluntary arrangement;
 - 7.3.4 was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
 - 7.3.5 was a partner in a partnership at the time of or within the 12 months preceding any compulsory liquidation, administration or voluntary arrangement of that partnership;
 - 7.3.6 has had any asset which has been subject to a receivership or was a partner in a partnership at the time of or within the 12 months preceding any asset of the partnership being subject to a receivership; or
 - 7.3.7 has been the subject of any public criticism by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
 - 7.3.8 Nico Goulet was appointed as a director of NETfractal S.L., a venture capital firm registered in Spain, in February 2000. In 2013, the company was placed into orderly liquidation and subsequently, dissolved in 2013 with no deficiency as regards third party liabilities and excess proceeds distributed to shareholders.
 - 7.3.9 Nico Goulet was appointed as a director of CapXnow S.L., a portfolio company of NETfractal S.L. registered in Spain, in 2000. In 2002, the company was placed into orderly liquidation.
 - 7.3.10 Nico Goulet was appointed as a director of Elastix Corp., a portfolio company of Adara Ventures registered in California, USA, in April 2008. In April 2011, the company was placed into orderly liquidation.
 - 7.3.11 Nico Goulet was appointed as a director of Elastix Solutions S.L., a portfolio company of Adara Ventures registered in Spain, in March 2011. In August 2011, the company was placed into liquidation and subsequently, dissolved in May 2015 with deficiency as regards third party liabilities of approximately €175,000.
 - 7.3.12 Nico Goulet was appointed as a director of Illuminate Solutions S.L., a portfolio company of Adara Ventures registered in Spain, in June 2006. In October 2011, the company was placed into receivership and subsequently, dissolved in February 2014 with deficiency as regards third party liabilities of approximately €1,200,000.
 - 7.3.13 Nico Goulet was appointed as a director of Ecutronic Technologies S.L., a portfolio company of Adara Ventures registered in Spain, in September 2005. In April 2010, the company was placed into liquidation and subsequently, dissolved in April 2013 with deficiency as regards third party liabilities of approximately €1,400,000.
 - 7.3.14 Nico Goulet was appointed as a director of Precision Talleres & Vehiculos S.L., registered in Spain, in January 2004. In July 2012, the company was placed into voluntary receivership following a sale to a private equity firm and subsequently, dissolved in January 2014 with deficiency as regards third party liabilities of approximately €80,000.
- 7.4 The interests of the Directors and their immediate families, all of which are beneficial (unless otherwise stated), and of connected persons within the meaning of section 252 of the Companies Act, in the issued share capital of the Company as at the date of this document and as they are expected to

be on Admission, together with the percentages which such interests represent of the Ordinary Shares in issue are as follows:

	<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Steve Flavell	2,707,294	8.39	2,707,294	6.64
Michael Hughes	2,707,294	8.39	2,707,294	6.64
Simon Healey	30,275	0.09	30,275	0.07
Lady Barbara Judge	—	—	—	—
Barmak Meftah	43,750	0.14	43,750	0.11
Mike Reynolds	—	—	—	—
Nico Goulet ⁽¹⁾	8,039,548	24.90	8,039,548	19.71

(1) Adara Ventures SICAR is interested in 8,039,548 Ordinary Shares; Nico Goulet is a director of Adara Venture Partners, General Partner of Adara Ventures SICAR.

- 7.5 In addition to the interests of the Directors set out in paragraph 7.4 above, as at the date of this document, insofar as is known to the Company, each of the following persons will as at the date of this document and immediately following Admission hold more than 3% of voting rights as a shareholder through his direct or indirect holding of financial instruments:

	<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Andrew Scott ⁽¹⁾	12,863,919	39.85	12,863,919	31.54
Adara Ventures SICAR	8,039,548	24.90	8,039,548	19.71
Octopus Investments Limited	—	—	1,600,000	3.92
Michael Werner	981,301	3.04	981,301	2.41

(1) This includes shares registered in the name of Andrew Scott, shares registered in the name of his wife, Rhonda Scott and shares registered in the name of the Scott Family Trust (that holds 9.05% of the Existing Ordinary Shares (being 2,921,030 Ordinary Shares) and will hold 7.16% of the Enlarged Share Capital (being 2,921,030 Ordinary Shares)) and shares registered in the name of the Zacando Foundation (that holds 13.94% of the Existing Ordinary Shares (being 4,500,000 Ordinary Shares) and will hold 11.03% of the Enlarged Share Capital (being 4,500,000 Ordinary Shares)).

- 7.6 The following options over Ordinary Shares have been granted to the Directors, such options being exercisable at the price and on the dates or occurrences of events shown below:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Date of grant</i>	<i>Exercise Price per Ordinary Share</i>	<i>Exercise period</i>
Steve Flavell	880,000	19/12/2014	£0.75	10 years ⁽¹⁾
Michael Hughes	880,000	19/12/2014	£0.75	10 years ⁽¹⁾
Simon Healey	100,000	12/04/2012	£0.50	10 years
	30,275	19/12/2014	£0.75	10 years
Barmak Meftah	75,000	19/12/2014	£0.75	10 years
	31,250	19/12/2014	£0.0128	10 years
Mike Reynolds	75,000	19/12/2014	£0.75	10 years
	75,000	19/12/2014	£0.0128	10 years

(1) 10 years from date of grant provided still in employment of the Group

- 7.7 Save as disclosed above, none of the Directors nor any person connected with the Directors (within the meaning of section 252 of the Companies Act) holds or is beneficially or non beneficially interested, directly or indirectly, in any share capital or loan capital of the Company or any of its subsidiary undertakings, or in any options to subscribe for or securities convertible into shares of the Company or any of its subsidiary undertakings.
- 7.8 Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group during the current or immediately preceding financial year and which was effected by the Group and remains in any respect outstanding or unperformed.

- 7.9 There are no loans made or guarantees granted or provided by the Company or the Group to or for the benefit of any Director which are outstanding.
- 7.10 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.
- 7.11 Neither the Directors nor any major Shareholders have different voting rights to the other Shareholders.
- 7.12 None of the Directors or members of their family has a financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.

8. Directors' remuneration, service agreements and letters of appointment

- 8.1 The Directors have entered into service contracts or letters of appointment which are summarised below. Save for these agreements there are no service agreements or letters of appointment between any Director and the Company or any of the subsidiaries not determinable without payment of compensation (other than statutory compensation) within one year and none are proposed to be entered into.

8.1.1 Steve Flavell

On 2 August 2016, Steve Flavell entered into a service agreement with the Company for his employment as Co-Chief Executive Officer at an annual salary of £200,000. In addition to his salary, the Company may, in its absolute discretion, pay Steve a discretionary bonus at such times and for such amounts as the Company may in its sole discretion decide.

The agreement is terminable on six months' notice by either party, however the Company may elect to pay Steve a payment in lieu of his contractual notice entitlement. The agreement contains restrictive covenants relating to competition, current and prospective customers, suppliers, and certain employees and consultants of the Group. The agreement also contains provisions for the protection of the intellectual property and confidential information of the Group.

8.1.2 Michael Hughes

On 2 August 2016, Michael Hughes entered into a service agreement with the Company for his employment as Co-Chief Executive Officer at an annual salary of \$300,000. Michael is based in California, United States. In addition to his salary, the Company may, in its absolute discretion, pay Mr Hughes a discretionary bonus at such times and for such amounts as the Company may in its sole discretion decide.

The agreement is terminable on six months' notice by either party, however the Company may elect to pay Michael a payment in lieu of his contractual notice entitlement. The agreement contains a restrictive covenant relating to certain employees and consultants and includes provisions for the protection of the intellectual property and confidential information of the Group.

8.1.3 Simon Healey

On 2 August 2016, Simon Healey entered into a service agreement with the Company for his employment as Chief Financial Officer at an annual salary of £120,000. In addition to his salary, the Company may, in its absolute discretion, pay Simon a discretionary bonus at such times and for such amounts as the Company may in its sole discretion decide.

The agreement is terminable on six months' notice by either party, however, in the event that the Company appoints a person to carry out the role of Financial Controller, then following a period of six months from their appointment, this period will reduce to three months. The Company may elect to pay Simon a payment in lieu of his contractual notice entitlement. The agreement contains restrictive covenants relating to competition, current and prospective customers, suppliers and certain employees and consultants. The agreement also contains provisions for the protection of the intellectual property and confidential information of the Group.

8.1.4 Lady Barbara Judge

Lady Barbara Judge is the non-executive Chairperson of the Company and based in London, England. On 1 August 2016, Lady Barbara Judge entered into a non-executive appointment letter at an annual fee of £50,000 paid in quarterly instalments in advance. Lady Barbara Judge

must spend a minimum of two days per month on work for the Company. Lady Barbara Judge's appointment is conditional on Admission.

The term of Lady Barbara Judge's appointment will continue until the conclusion of the Company's annual general meeting occurring approximately three years from the date of her appointment unless the appointment is otherwise terminated by Lady Barbara Judge giving three months' notice to the Company or the Company giving one month's notice to Lady Barbara Judge. Lady Barbara Judge will be required to retire and seek re-election by the shareholders as required by the Articles. Non-executive directors are typically expected to serve two three-year terms.

The appointment letter contains a restrictive covenant that prevents Lady Barbara Judge from poaching senior employees for six months following termination of the appointment and includes provisions for the protection of the intellectual property and confidential information of the Group.

8.1.5 *Barmak Meftah*

Barmak Meftah is a non-executive Director of the Company and based in California, United States. On 2 August 2016, Barmak entered into a non-executive appointment letter at an annual fee of £1.00 and must spend a minimum of two days per month on work for the Company.

The term of Barmak's appointment will continue until the conclusion of the Company's annual general meeting occurring approximately three years from the date of his appointment unless the appointment is otherwise terminated by Barmak giving three months' notice to the Company or the Company giving one month's notice to Barmak. Barmak will be required to retire and seek re-election by the shareholders at the next annual general meeting and at any subsequent annual general meeting as required by the Articles or as the Board resolves. Non-executive directors are typically expected to serve two three-year terms.

The appointment letter contains a restrictive covenant that prevents Barmak from poaching senior employees for six months following termination of the appointment and includes provisions for the protection of the intellectual property and confidential information of the Group.

8.1.6 *Mike Reynolds*

Mike Reynolds is a non-executive Director of the Company and based in Florida, United States. On 2 August 2016, Mike entered into a non-executive appointment letter at an annual fee of \$30,000 to be paid in equal quarterly instalments in arrears. Mike must spend a minimum of two days per month on work for the Company.

The term of Mike's appointment will continue until the conclusion of the Company's annual general meeting occurring approximately three years from the date of his appointment unless the appointment is otherwise terminated by Mike giving three months' notice to the Company or the Company giving one month's notice to Mike. Mike will be required to retire and seek re-election by the shareholders at the next annual general meeting and at any subsequent annual general meeting as required by the Articles or as the Board resolves. Non-executive directors are typically expected to serve two three-year terms.

The appointment letter contains a restrictive covenant that prevents Mike from poaching senior employees for six months following termination of the appointment and includes provisions for the protection of the intellectual property and confidential information of the Group.

8.1.7 *Nico Goulet*

Nico Goulet is a non-executive Director of the Company and based in Madrid, Spain. On 2 August 2016, Nico entered into a non-executive deed of appointment. Nico must spend a minimum of two days per month on work for the Company. He is not due any fee under the deed.

The term of Nico's appointment will continue until the conclusion of the Company's annual general meeting occurring approximately three years from the date of his appointment unless the appointment is otherwise terminated by Nico giving three months' notice to the Company or the Company giving one month's notice to Nico. Nico will be required to retire and seek re-election by the shareholders at the next annual general meeting and at any subsequent

annual general meeting as required by the Articles or as the Board resolves. Non-executive directors are typically expected to serve two three-year terms.

The deed of appointment contains a restrictive covenant that prevents Nico from poaching senior employees for six months following termination of the appointment and includes provisions for the protection of the intellectual property and confidential information of the Group.

- 8.2 The aggregate remuneration including benefits in kind paid to the Directors for the 12 months ended 31 December 2015 was £436,000.

9. Working Capital

The Directors are of the opinion, having made due and careful enquiry and taking into account the net proceeds of the Placing, that the Group will from the time of Admission have sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

10. Material Contracts

In addition to the Placing Agreement, details of which are set out below, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or the Group during the two years immediately preceding the date of this document and are or may be material:

10.1 Growth Round Development Facility

On 3 September 2012 Ring2 entered into a deed to create a Growth Round Development Facility (the "GRDF") pursuant to which investors were able to enter into commitment deeds under which the investors undertook to subscribe for unsecured loan notes when required by Ring2 to do so. The GRDF has subsequently been amended and varied on a number of occasions.

On 18 July 2016, a deed of substitution (the "Deed of Substitution") was entered into between (1) Ring2, (2) Pimco 2711 and (3) the holders of the loan notes issued pursuant to the GRDF (the "GRDF Holders") and the GRDF was novated so that Ring2 was released from all obligations and liabilities under the GRDF and Pimco 2711 assumed such obligations and liabilities in substitution for Ring2.

Under the terms of the Deed of Substitution a deed of amendment and restatement was entered into in relation to the GRDF between (1) Ring2, (2) Pimco 2711 and (3) the GRDF Holders. At the same time Ring2 entered into a guarantee in favour of the GRDF Holders under which it guarantees the performance of the obligations of Pimco 2711 under the GRDF.

As at the date of this document the principal sum, including rolled up interest, of US\$13.2 million is owed under the GRDF.

The loan notes issued under the GRDF provide that:

- (a) the borrower may at its sole discretion give notice to an investor to make a payment of all or some of its commitment at any time within one year from delivery of the relevant commitment deed;
- (b) interest calculated at the rate of 20.00% per annum up to and including 30 April 2015 and 10.75% per annum from 1 May 2015 onwards is payable on 31 March, 30 June, 30 September and 31 December in each year (or the next business day if any such date is not a business day) (the "Payment Dates") or on any repayment of principal but any interest payment due on 30 June 2015, 30 September 2015 and 31 December 2015 will not be paid but will be capitalised. Interest payments then became payable on and from 31 March 2016;
- (c) the borrower is to repay the outstanding capital under each loan note on the Payment Dates in the second, third and fourth years of the term and may make earlier repayment without penalty; and
- (d) the investor may require early repayment where there is a failure by the borrower to pay in full any capital or interest due to the GRDF Holder within 30 days of the due date, on a change of control of Ring2 or in the event of the insolvency of Ring2.

10.2 **GRDF Capitalisation Agreement**

On 17 August 2016, the Company, Pimco 2711 and the Zacando Foundation (the “Debtholder”) entered into a deed of capitalisation in which £4,500,000 of funds borrowed by Pimco 2711 from the Debtholder under the GRDF were capitalised by the allotment and issue of 4,500,000 A Ordinary Shares to the Debtholder (the “Consideration Shares”).

The Company has agreed to allot and issue the Consideration Shares to the Debtholder in consideration of Pimco 2711 entering into a promissory note with the Company agreeing to repay the Company £4,500,000. The promissory note shall be interest free and repayable on the Company’s demand.

10.3 **Placing Agreement**

Under the Placing Agreement, Panmure Gordon has agreed conditionally, *inter alia*, on Admission becoming effective not later than 8.00 a.m. on 24 August 2016, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

Under the Placing Agreement the Company and the Directors have given Panmure Gordon certain warranties regarding, *inter alia*, the accuracy of the information contained in this document. In addition, the Company has given certain indemnities, in the usual form. Provisions permit the Placing Agreement to be terminated prior to Admission in certain circumstances, including those where any of the warranties are not true and accurate in any material respect.

Under the Placing Agreement and subject to it becoming unconditional, the Company has agreed to pay to Panmure Gordon an aggregate fee in respect of the Placing Shares.

The Company will pay certain other costs and expenses (including all applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses. The net proceeds of the Placing receivable by the Company are approximately £7.5 million.

10.4 **Nominated Adviser and Broker Agreement**

On 18 August 2016 the Company entered into a nominated adviser and broker agreement with Panmure Gordon (the “Nominated Adviser and Broker Agreement”) Under the Nominated Adviser and Broker Agreement, the Company has, conditional on Admission, appointed Panmure Gordon to act as nominated adviser and broker to the Company for the purposes of the AIM Rules.

The Company has agreed to pay Panmure Gordon an annual fee for its services as nominated adviser and broker, together with all reasonable out of pocket expenses and VAT.

10.5 **Lock-in and orderly marketing arrangements**

By agreements dated 18 August 2016 each of the Directors has undertaken, subject to certain limited exceptions, not to dispose of, and to use their reasonable endeavours to procure that persons connected with them (within the meaning of section 252 of the Act) do not dispose of, any of the Ordinary Shares which they hold following Admission for a period of 12 months. In addition, in order to ensure an orderly market in the Ordinary Shares the Directors have further undertaken, in respect of themselves and each of their connected persons, that for a further period of 12 months thereafter they will not (subject to certain limited exceptions) deal or otherwise dispose of any such interests other than through Panmure Gordon (or such other broker appointed by the Company from time to time).

Certain other Existing Shareholders holding in aggregate 25,482,579 Ordinary Shares on Admission have entered into similar lock-in and orderly market agreements.

In addition the holders of Options have agreed that, to the extent that they exercise their Option they will be bound by similar lock-in and orderly marketing arrangements.

In aggregate, therefore, 30,971,192 Ordinary Shares representing 75.94% of the Enlarged Share Capital and up to 4,407,106 Ordinary Shares issuable upon exercise of Options, are subject to the lock-in arrangements referred to above.

10.6 **Alcatel software licence agreement**

Ring2 entered into a software licence and support agreement with Alcatel-Lucent Enterprise (“ALE”) on 11 November 2013 (the “2013 Agreement”), under which ALE granted to Ring2 a non-exclusive

perpetual licence to use ALE's "MyTeamwork Multi-Media Instant Communications" software (the "Software") which was freely sub-licensable to the Group without prior consent, together with various maintenance and support services in respect of the licensed software.

Following disagreements regarding the scope and performance of support provided by ALE under the 2013 Agreement, Ring2 and ALE decided to terminate that agreement by way of a termination agreement and simultaneously enter into a new software license agreement dated 20 June 2016 (the "2016 Agreement") in order to settle the dispute. Under the 2016 Agreement, ALE grants to Ring2 a worldwide, royalty-free and fully paid-up, non-exclusive, non-transferable, source code licence in relation to the Software. The agreement has an initial term until 31 December 2017 unless terminated early in accordance with its terms and may be extended at the sole discretion of Ring2.

10.7 *Screenleap software-as-a-service agreement*

Ring2 entered into a software-as-a-service agreement with Screenleap Inc ("Screenleap") dated 23 May 2013, under which Screenleap grants to the Group a non-exclusive, non-transferable licence to software and hardware in respect of screen sharing web conferencing technology. The source code is held in escrow for Ring2's protection. The agreement has an initial term of three years, and then renews for one year periods until terminated. Ring2 paid an initial fee of \$50,000 to Screenleap and, currently, pays a minimum monthly fee of US\$19,000 (which is subject to increase, depending on Ring2's usage of the services).

10.8 *Telefonica agreement*

Ring2 entered into a settlement agreement with Telefonica Germany GmbH ("Telefonica") dated 5 July 2016 for the purposes of settling a dispute between the parties. The dispute arose due to Telefonica's opposition, which has since been withdrawn, to Ring2 filing two registered trade mark applications for "LOOPUP" word and device trade marks on the basis that Telefonica was seeking to rely on its Community trade mark registrations and German trade mark registration for the word "LOOP". The terms of the agreement allow Ring2 to continue to use "LOOPUP" in Europe in relation to remote meetings (including telephone, video and web conferencing) and/or online, web or virtual meetings. Telefonica's right to register, renew or use the trade mark "LOOPUP" or "LOOP UP" has been restricted to Germany and, in addition, in Germany, Telefonica cannot seek to register, renew or use the trade mark "LOOPUP" or "LOOP UP" in respect of remote meetings (including telephone, video and web conferencing) and/or online, web or virtual meetings. Telefonica also grants Ring2 a perpetual licence to use the LOOPUP trade mark in Germany solely for "Collaboration Goods and Services and Minor Promotional Use". Ring2 may also sublicense its Group members, resellers, agents, licensees and customers to use the Ring2 trade marks in Germany in relation to Collaboration Goods and Services provided by Ring2.

11. Employees

As at 31 December 2015 the Group employed 31 people in the UK, 56 in the USA and three in the rest of the world. During the most recent financial year the Group engaged no temporary staff.

12. Litigation

No member of the Group is or has been involved in any legal or arbitration proceedings which are active, pending or threatened against it, or being brought by it, which are having or may have a significant effect on the Group's financial position or profitability.

13. Taxation

The following summary is intended as a general guide for UK tax resident Shareholders as to their tax position under current UK tax legislation and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time.

The Company is at the date of this document resident for tax purposes in the United Kingdom and the following is based on that status.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position applicable to Shareholders resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents) and who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 10% or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes,

pension funds, charities or UK insurance companies or whose shares are held under a personal equity plan or an individual savings account or are “employment related securities” as defined in section 421B of the Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

13.1 **The Group**

The profits of the Company will be subject to UK corporation tax.

13.2 **Shareholders**

The profits of the Company will be subject to UK corporation tax.

13.2.1 *Withholding tax*

Under current UK taxation legislation, no tax will be withheld at source from dividend payments by the Company.

13.2.2 *Taxation of dividends*

- (a) United Kingdom resident shareholders
Individuals

Under current UK legislation, no UK tax is required to be withheld from dividend payments by the Company.

Finance (No. 2) Bill 2016 introduces new rules applying to dividends paid to individuals and trustees from 6 April 2016 onwards. A dividend allowance of £5,000 per annum for individuals has been introduced. Dividends falling within this allowance will not be subject to income tax. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed at 7.5% (for individuals not liable to tax at a rate above the basic rate), 32.5% (for individuals subject to the higher rate of income tax) and 38.1% (for individuals subject to the additional rate of income tax). The Bill also changes the rate of tax paid on dividend income by trustees of discretionary trusts by changing the dividend trust rate to 38.1%. The Finance (No. 2) Bill 2016 is expected to receive Royal Assent in October 2016.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive.

Companies

Subject to UK dividend exemption rules, a corporate Shareholder resident in the UK (for tax purposes) should generally not be subject to corporation tax or income tax on dividend payments received from the Company.

- (b) Non-residents

In general, the right of non-UK resident Shareholders to reclaim tax credits attaching to dividend payments by the Company will depend upon the existence and the terms of an applicable double tax treaty between their jurisdiction of residence and the UK. In most cases, the amount of tax credit that can be claimed by non-UK resident Shareholders from HMRC will be nil. They may also be liable to tax on the dividend income under the tax law of their jurisdiction of residence. Non-UK resident Shareholders should consult their own tax advisers in respect of their liabilities on dividend payments, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

13.3 **Taxation of Disposals**

A disposal of Ordinary Shares by a Shareholder who is resident for tax purposes in the UK, will in general be subject to UK taxation on capital gains on a disposal of Ordinary Shares.

A Shareholder who is not resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares.

In addition, any holders of Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK. For UK resident individuals, capital gains are chargeable at the applicable rate, which is generally 18% or 28% (depending on their personal circumstances, including other capital gains or income for the relevant period) subject to certain reliefs and exemptions. (10% or 20 per cent, depending on the level of an individual's total income and gains, for disposals after 6 April 2016 provided the Finance (No. 2) Bill 2016 receives Royal Assent).

For UK resident trusts or personal representatives, capital gains are chargeable at a flat rate of 28% subject to certain reliefs and exemptions. For UK corporates, capital gains are chargeable to UK Corporations, currently at the rate of 20% (19% from 1 April 2017) subject to indexation which may apply to reduce any such gain, although indexation cannot create or increase a capital loss (indexation is no longer available to individuals and trustees). Other reliefs may be relevant.

13.4 **Stamp duty and Stamp Duty Reserve Tax**

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Placing Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (a) the Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (b) AIM continues to be accepted as a "recognised growth market" (as construed in accordance with section 99A of the Finance Act 1986), in the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances, at the rate of 0.5% of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5).

13.5 **Inheritance and gift taxes**

Ordinary Shares beneficially owned by an individual Shareholder will be subject to UK inheritance tax on the death of the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK); although the availability of exemptions and reliefs may mean that in some circumstances there is no actual tax liability. A lifetime transfer of assets to another individual or trust may also be subject to UK inheritance tax based on the loss of value to the donor, although again exemptions and reliefs may be relevant. Particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold shares, which could bring them within the charge to UK inheritance tax.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country.

The comments set out above are intended only as a general guide to the current tax position in the UK at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

14. **Intellectual Property**

14.1 As at the date of this document the Group has had the following patents granted:

<i>Title</i>	<i>Application Number</i>	<i>Countries</i>	<i>Status</i>	<i>Patent number</i>
Call Management Service	EP05734565.4	Germany, France, UK	Granted 20/10/2010	EP1738590
Call Management Service	13/215,863	USA	Issued 25/08/2015	US9118981
Call Management Over Reduced Bandwidth	60/800,431	Canada	Issued 26/01/2016	CA2652267

Call Management Over Reduced Bandwidth	200780017850	China	Granted 19/12/2012	200780017850
Call Management Over Reduced Bandwidth	JP20090510537	Japan	Granted 12/04/2013	JP5241705
Call Management Over Reduced Bandwidth	60/800,431; 11/798,526	USA	Issued 4/12/2012	US8326277

- 14.2 As at the date of this document the Group has applied for the following patents which have not yet been granted:

<i>Title</i>	<i>Application Number</i>	<i>Countries</i>	<i>Status</i>	<i>Patent number</i>
Call Management Over Reduced Bandwidth	EP20070732821	EPO	A1 (published)	EP2030405
Call Management Over Reduced Bandwidth	9878/DELNP/2008	India	Awaiting examination	N/A

15. Takeover code, squeeze out and sell out rules

15.1 Takeover Code

From Admission the Company will be subject to the Takeover Code. Further information is set out in paragraph 21 of Part I of this document.

15.2 Squeeze-out rules

Under the Companies Act, if a person who has made a general offer to acquire Ordinary Shares (the "offeror") were to acquire, or contract to acquire, 90% in value of the Ordinary Shares which are the subject of such offer and 90% of the voting rights carried by those shares, the offeror could then compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding Shareholders before the end of the 3 month period beginning on the day after the last day on which the offer can be accepted. The notice must be made in the prescribed manner. Six weeks later, the offeror would send a copy of the notice to the Company together with an instrument of transfer executed in respect of the outstanding Ordinary Shares on behalf of the holder in favour of the offeror and pay the consideration for those Ordinary Shares. The Company would hold the consideration on trust for outstanding shareholders. The consideration offered to those shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the general offer.

15.3 Sell-out rules

15.3.1 The Companies Act gives minority shareholders a right to be bought out in certain circumstances by a person who has made a general offer as in paragraph 21 of Part I of this document. If, at any time before the end of the period within which the general offer can be accepted, the offeror holds, or has agreed to acquire, not less than 90% in value of the Ordinary Shares and those shares carry not less than 90% of the voting rights in the Company, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder's Ordinary Shares.

15.3.2 The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The rights of minority shareholders to be bought out are not exercisable after the period of three months after the end of the acceptance period or a later date specified in the notice given by the offeror. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

16. General

- 16.1 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts that are of fundamental importance to the Company's business.

- 16.2 The gross proceeds of the Placing are expected to be approximately £8.5 million. The total costs and expenses (including professional fees, printing and advertising costs and the amounts payable pursuant to the Placing Agreement) payable by the Company in relation to the Placing and the application for Admission are estimated to amount to approximately £1.0 million (exclusive of VAT) and are payable by the Company. The estimated total net amount of the proceeds of the Placing is approximately £7.5 million.
- 16.3 Save as set out below or otherwise in this document, no person (excluding professional advisers and trade suppliers or otherwise disclosed in this document) has received, directly or indirectly, within the 12 months preceding the application for Admission or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- 16.3.1 fees totalling £10,000 or more;
 - 16.3.2 securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or
 - 16.3.3 any other benefit with a value of £10,000 or more at the date of Admission.
 - 16.3.4 In accordance with Schedule 2 paragraph (h) of the AIM Rules for Companies, Wilson Sonsini Goodrich & Rosati will receive approximately £36,000 of fees for legal advice regarding US law.
- 16.4 Save as disclosed in this document, there has been no material change in the financial or trading position of the Group since 31 December 2015, the date to which the Accountant's Report set out in Part III of this document have been drawn up.
- 16.5 The principal activities of the Group are as described in Part I of this document. Save as disclosed in this document, there are no exceptional factors which have influenced the Group's activities.
- 16.6 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealing on any investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for there to be dealings in the Ordinary Shares on any such exchange.
- 16.7 Save as disclosed in this document there have been no related party transactions (for the purposes of the standards adopted according to the Regulation (EC) No 1606/2002) entered into by the Company prior to the date of this document.
- 16.8 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- 16.9 Of the price being paid to the Company for the Placing Shares 0.5 pence represents the nominal value and £0.995 represents premium.
- 16.10 Save as disclosed in this document, there have been no significant recent trends in production, sales and inventory and costs and selling price since 31 December 2015.
- 16.11 Save as disclosed in this document, there are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.
- 16.12 The accounting reference date of the Company is 31 December. The first accounting period of the Company will end on 31 December 2016.
- 16.13 All the information provided in this document has been sourced from the Company. All such information has been accurately reproduced and so far as the Company is aware and is able to ascertain no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information set out in this document has been sourced from a third party the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 16.14 The auditors of the Company, Grant Thornton, who were appointed on 17 August 2016 are regulated by the Institute of Chartered Accountants of England and Wales.

16.15 Save as set out in paragraph 10.3 of this Part V of this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.

16.16 No paying agent has been appointed by the Company.

16.17 Save as disclosed in this document, there are no investments in progress, and there are no future investments on which the Directors have already made firm commitments, which are significant to the Group.

17. Consents

17.1 Panmure Gordon of One New Change, London EC4M 9AF is regulated by the Financial Conduct Authority for the conduct of investment business in the UK. Panmure Gordon has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

17.2 Grant Thornton of 202 Silbury Boulevard, Central Milton Keynes MK9 1LW has given and has not withdrawn its written consent to the inclusion of its name, its Accountant's Report set out in Part III of this document and the references to such reports and its name, in the form and context in which they appear. Grant Thornton accepts responsibility for the report set out in Part III in accordance with the AIM Rules (and paragraph 1.2 of Annex I of the Prospectus Rules), confirms that to the best of its knowledge having taken all reasonable care to ensure that such is the case the information contained therein is in accordance with the facts and does not omit anything likely to affect the import of such information.

18. Availability of Admission Document

Copies of this document are available free of charge from the registered office of the Company and from the office of Panmure Gordon, One New Change, London EC4M 9AF during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document and will remain available for at least 30 days after the date of Admission.

Dated 18 August 2016

