LOOPUP GROUP PLC

(“LoopUp Group” or the “Group”)

Preliminary results for the year ended 31 December 2016

LoopUp Group plc (LSE AIM: LOOP), the premium remote meetings company, today announces its unaudited preliminary results for year ended 31 December 2016.

Financial Highlights

£ million	FY2016 (unaudited)	FY2015 (audited)	Year-on-year growth
LoopUp Revenue[1]	12.8	9.2	39%
Total revenue	13.6	10.1	34%
Gross profit	10.3	7.5	37%
Gross profit margin (%)	75.9%	74.5%	
EBITDA[2]	2.1	1.0	102%
Operating profit / (loss)	0.4	(0.4)	
Diluted earnings per share (pence)	0.5	(2.4)	

1) *LoopUp Revenue is revenue from the LoopUp product and associated value-added add-on capabilities, and so excludes discontinuing BT technology licensing revenue*

2) *Earnings Before Interest, Taxation, Depreciation and Amortisation.*

- LoopUp Revenue grew 39% in FY2016, an increase in growth rate from 36% in FY2015 and 37% in FY2014.
- FY2016 EBITDA increased by 102% to £2.1 million (FY2015: £1.0 million).
- Operating profitability was achieved with maiden profit of £0.4m (FY2015: £0.4 million loss).
- As at 31 December 2016, the Group’s net cash position was £2.2 million.
- Customer concentration remained well diversified with the largest single customer representing just 2.4% of total LoopUp Revenue (FY2015: 2.9%).
- The Group maintained its track record of ‘negative net churn’ – i.e. net growth – in its established base of customers that are at least one year old. Net growth was 8.3% (FY2015: 6.7%).
- Continued investment in the Group’s team-based ‘Pods’ for new business acquisition led to an average of 6.2 Pods during the period, each costing £490,000 on a fully-loaded basis (FY2015: £410,000). Each Pod returned new annual recurring revenue growth of £509,000 (FY2015: £440,000), which would have an expected lifetime of approximately 20 years based on the Group’s customer loss rate of just 5% in FY2016 (FY2015: 6%).
- The Group generated 41% of LoopUp Revenue from the United Kingdom, 46% from the United States, 11% from continental Europe and 2% from the rest of world.
- The Group paid down a final debt installment of £0.3m on 31 January 2017, leaving the Group’s balance sheet debt-free.

Operational Highlights

- In August 2016, the Group achieved a successful placing of £8.5 million of new equity and was admitted to the AIM market of the London Stock Exchange.
- Lady Barbara Judge CBE was appointed non-executive chairman at IPO.
- In November 2016, the Group released a major new product version, which further enhanced its streamlined and intuitive user experience.

- New customer engagement with differentiated features of the LoopUp product continued to increase. New 2016-cohort users are joining 75% of their meetings by having LoopUp dial out to them (FY2015: 55%) rather than the traditional method of 'dialing in', and 79% of that group are using LoopUp's Outlook add-in and/or mobile app.
- The Group has formed a new marketing team, which has launched a new corporate website incorporating re-designed LoopUp branding and refreshed messaging and positioning.
- The Group achieved ISO 27001 certification in information security management, emphasising the priority given to our customers' personal and confidential information.

Steve Flavell, co-CEO of LoopUp Group, commented,

"We're very pleased to report strong business performance and a positive outlook in our first set of annual results as a public company. The 39% growth in LoopUp Revenue has exceeded FY2014 and FY2015 growth rates, gross margins have improved, EBITDA has doubled, and key underlying business metrics have remained positive.

"Our successful IPO on the AIM market of the London Stock Exchange in August was a major milestone for the Group. It has significantly strengthened our balance sheet and has enabled us to pursue our growth strategies to expand our proven distribution model, introduce inbound marketing, and continue to innovate our product that we believe offers a best-in-class experience for our customers' important day-to-day remote meetings.

"Looking ahead into 2017, we continue to see strong demand for the LoopUp product and are confident in our ability to deliver future growth."

For further information, please contact:

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About LoopUp Group plc:

LoopUp (LSE AIM: LOOP) is a premium remote meetings solution. Streamlined and intuitive, LoopUp is built for business users and delivers the quality, security and reliability required in the enterprise. One-click screen sharing and integration with tools business people use every day, like Outlook™, make it easy for LoopUp users to collaborate in real time. LoopUp's award-winning SaaS solution doesn't overwhelm users with features, and doesn't require training. Over 2,000 enterprises worldwide, including Travelex, Kia Motors America, Planet Hollywood, National Geographic, and Subaru trust LoopUp with their remote meetings.

The Group is headquartered in London, with offices in San Francisco, New York, Boston, Hong Kong and Barbados, and is listed on the AIM market of the London Stock Exchange (LOOP). For further information, please visit: www.loopup.com.

Market abuse regulation:

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

Co-CEOs' Statement and Performance Review

2016 was a landmark year in our mission to make important, day-to-day remote business meetings a fundamentally better experience for business people, as well as a more secure means of collaboration for their companies. The year combined transformational change in our corporate structure with yet another year of consistent and efficient growth in our operations.

An IPO for future growth

The centrepiece of the year was our August float on the AIM market of the London Stock Exchange. This was a major milestone for the Group, giving us strong balance sheet foundations for our next phase of business growth. Given the general market uncertainty and summer holiday season, we were delighted by the level of both institutional and retail investor support as the first technology float in the UK following the EU Referendum.

Continued strong, efficient and profitable growth

In the business, we extended our consistent track record of strong top line growth at healthy gross margins, developed our market reputation as a premium option for discerning conference callers, and continued to invest in our global team.

LoopUp Revenue grew by 39% from £9.2 million in FY2015 to £12.8 million in FY2016. This followed growth of 36% in FY2015 and 37% in FY2014. During the year, we brought in increasingly large customers across a broad range of industry sectors, with professional services remaining a sweet spot given the valuable visibility and security brought by LoopUp to their daily client interactions.

Our customer base remains well diversified, with the largest single customer representing just 2.4% of total LoopUp Revenue. Our top 100 customers accounted for 58% of LoopUp Revenue, and the top 500 accounted for 90%. The Group generated 41% of LoopUp Revenue from the United Kingdom, 46% from the United States, 11% from continental Europe and 2% from the rest of world. Our 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.

Furthermore, in our established customer base, we've once again demonstrated 'negative net churn'. Taking into account all losses, shrinkages and growths, LoopUp Revenue from all customers of at least one year old actually net grew in FY2016 by 8.3% (FY 2015: 6.7%).

Following our IPO, we also invested in the growth of our global team. Staff totaled 115 by the year-end, up from 96 at mid-year. This accelerated investment has been made while continuing to meet the Board's targets for profit growth. Our gross margins improved to 75.9% from 74.5% in FY2015. Volume pricing for increasing large customers that we're now serving were more than offset by lower negotiated telecommunications costs and higher revenue per minute served from value added capabilities that the user is naturally guided to in the product. EBITDA doubled over the prior year and the Group turned a profit at an operating level.

Progress against our strategic initiatives

We made good progress against each of our three key strategic initiatives:

1. Continuing to innovate our premium product

At the heart of our corporate strategy is our product. We compete first and foremost on our product and the differentiated and premium experience it provides to customers on their important, day-to-day remote meetings. In the world of remote meetings, adding value has all too often come to mean slashing prices or introducing a laundry list of specialist features. At LoopUp, it means delivering an experience that exceeds our customers' expectations and that they can count on without fail.

During 2016 we launched a major new version of our web user interface, which further enhanced its streamlined and intuitive user experience. We introduced an online fulfilment capability, which enables inbound prospects to self-serve with a free trial account and ongoing payment by credit card. We also opened a new data centre in Sydney, and interconnected all four of our data centres – London, Chicago, Hong Kong and Sydney – into a single global operating architecture to optimise global service quality.

2. Expanding our proven distribution model

Once again, our team-based 'Pods' organisational structure for new business acquisition continued to operate to incredibly efficient underlying unit economics. During FY2016 period, each of the 6.2 Pods delivered an average of £509,000 new annual recurring revenue at a fully-loaded cost of £490,000. The Group's customer loss rate of just 5% would suggest a 20-year expected lifetime over which this revenue will recur.

The recruitment strategy of exclusively bringing new graduates into Pods, together with a focus on process and team-based incentivisation, combine to make Pods a highly scalable and repeatable template for future growth. We continued that investment during 2016, leading to 7.25 Pods by year end. As indicated at IPO, we plan to increase the number of Pods to an average of at least eight in 2017 and an average of at least 11 in 2018.

3. Introduce inbound marketing into our commercial operations

To date, the Group's growth has been achieved in the absence of inbound marketing activity and spend. New business has been generated through customer referrals, word-of-mouth, and targeted outreach to prospects. Since the IPO, we have hired four marketing professionals experienced in corporate communications, content and digital marketing, and graphic design. They have made fast foundational progress, having already rebranded the company, refreshed the Group's positioning and messaging, and launched a new version of our corporate website.

Positive Outlook

We remain focused on helping our customers have a fundamentally better experience on their important, day-to-day remote meetings. That's why LoopUp exists. We continue to see strong demand for our product; we're confident in the experience-led differentiation we've built into that product over the last 11 years and its ability to continue to take share from the large players in this £5 billion market. Looking ahead into 2017, we continue to see strong demand for the LoopUp product and are confident in our ability to deliver further growth.

Finally, we would like to thank our wonderful LoopUp team. It is their hard work and passion – day in, day out – that make all this happen.

Steve Flavell	**Michael Hughes**
co-CEO	**co-CEO**

Chief Financial Officer's Review

I am delighted to present my first financial review since being formally appointed to the Group's board in August 2016.

2016 was a landmark year for LoopUp. The successful IPO, combined with continued strong growth and improved profitability have ensured that the business is in an excellent position going in to 2017. As planned at IPO, the Group has begun investing some of the IPO proceeds in sales, marketing and product development initiatives.

Revenues

Core LoopUp Revenue grew by 39% in 2016 to £12.8 million, which compares to 36% growth in 2015. The Group's non-core licencing contract with BT generated £0.7 million of revenue in 2016, compared to £0.9 million in 2015. This contract has now been terminated, and hence this revenue stream has been treated as discontinued.

Operating results

The Group has continued to leverage its growth and improved buying power to drive down the cost of purchased telephony, which makes up the majority of the cost of sales. As a result, the gross margin percentage improved from 74.5% in 2015 to 75.9% in 2016.

Administrative expenses grew by 26% in the year, significantly lower than the rate of revenue growth. The main areas of spend increases were sales and engineering headcount and early marketing investment.

The resulting EBITDA rose from £1.0 million in 2015 to £2.1 million in 2016.

The Group's spend on development costs rose from £1.7 million in 2015 to £3.2 million in 2016. The increase represents our planned investment in the development team together with an exchange impact of around £0.4 million (nearly all this cost is incurred in US Dollars). These costs are allocated to specific development projects, which are then amortised once the project is deemed complete. The impact of this is that the amortisation charge lags the level of spend at £1.4 million for 2016. This charge is expected to increase and equalise with the level of spend over the next few years.

The Group achieved an operating profit of £0.4 million in 2016, compared to a loss of £0.4 million in 2015.

Finance costs of £0.7 million were incurred in 2016, relating to the remaining shareholder loan facility. The loans, being denominated in US Dollars, gave rise to an exchange loss in 2016 of £1.2 million. Neither of these costs are expected to recur in 2017.

The Group continues to receive a tax benefit from its research and development activity, and we expect to submit a claim for £0.5 million of tax cash credit for 2016.

Assets and cash flows

The successful IPO in August 2016 enabled the Group to significantly improve its balance sheet. Before the IPO, the Group had significant net liabilities position due to its reliance on a shareholder loan to finance working capital over the prior four years. This loan stood at £10.0 million at the time of the IPO.

The IPO raised £8.5 million of new equity capital for the business. In addition, the Group was able to capitalise £4.5 million of the shareholder loan immediately prior to the IPO. Most of the remaining loan has been repaid from the proceeds of the IPO, however strict 'use of funds' regulations required the Group to ensure that IPO proceeds from EIS/VCT funds were earmarked for growth and development activities. As such, £0.3 million of loan remained on the balance sheet at the end of 2016, and has since been repaid in early 2017.

The Group's much improved balance sheet showed £7.7 million of net assets and £2.2 million of net cash at the end of 2016. In addition, the Group has £12.6 million of accumulated tax losses at the end of 2016, which it expects to be able to utilise against future profits.

Simon Healey
CFO

Unaudited Consolidated Statement of Comprehensive income

For the year ended 31 December 2016

	Note	**2016 £000**	2015 £000
LoopUp Revenue[(i)]		**12,823**	9,204
Discontinued licencing revenue		**736**	901
Total revenue	2	**13,559**	10,105
Cost of sales		**(3,265)**	(2,580)
Gross profit	2	**10,294**	7,525
Administrative expenses		**(9,896)**	(7,878)
Operating profit / (loss)		**398**	(353)
EBITDA[(ii)]		**2,063**	1,020
Depreciation		**(246)**	(206)
Amortisation of intangible fixed assets		**(1,419)**	(1,251)
Share-based payments charges		**-**	-
Other operating income		**-**	84
Operating profit / (loss)		**398**	(353)
Finance costs		**(684)**	(733)
Loss before income tax		**(286)**	(1,086)
Income tax		**484**	506
Profit/(loss) for the year		**198**	(580)
Currency translation loss		**(1,209)**	(363)
Total comprehensive income for the year attributable to the equity holders of the parent		**(1,011)**	(943)
Earnings/(loss) per share (pence):			
Basic	3	**0.6**	(2.4)
Diluted	3	**0.5**	(2.4)

(i) LoopUp Revenue is revenue from the LoopUp product and associated value-added add-on capabilities, and so excludes discontinuing BT technology licensing revenue.

(ii) EBITDA is operating profit stated before depreciation, amortisation of intangible fixed assets and share-based payments charges.

Unaudited Consolidated Statement of Financial Position

As at 31 December 2016

	2016 £000	2015 £000
Assets		
Property, plant and equipment	**463**	342
Intangible assets	**4,822**	3,030
Total non-current assets	**5,285**	3,372
Trade and other receivables	**2,802**	2,096
Cash and cash equivalents	**2,547**	402
Current tax	**500**	483
Total current assets	**5,849**	2,981
Total assets	**11,134**	6,353
Liabilities		
Trade and other payables	**(1,744)**	(1,177)
Accruals and deferred income	**(1,378)**	(487)
Borrowings	**(306)**	(2,206)
Total current liabilities	**(3,428)**	(3,870)
Net current assets/(liabilities)	**2,421**	(889)
Borrowings	**-**	(5,539)
Total non-current liabilities	**-**	(5,539)
Total liabilities	**(3,428)**	(9,409)
Net assets/(liabilities)	**7,706**	(3,056)
Equity		
Share capital	**204**	139
Share premium	**11,708**	-
Other reserves	**12,691**	12,691
Foreign currency translation reserve	**(1,808)**	(599)
Retained loss	**(15,089)**	(15,287)
Shareholders' funds/(deficit) attributable to equity owners of parent	**7,706**	(3,056)

Unaudited Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Retained profit / (loss)	Shareholders' funds/ (deficit) attributable to equity owners of parent
	£000	£000	£000	£000	£000	£000
As at 1 January 2015	139	-	12,691	(236)	(14,707)	(2,113)
Loss for the year	-	-	-	-	(580)	(580)
Other comprehensive loss	-	-	-	(363)	-	(363)
Total comprehensive loss for the year	-	-	-	(363)	(580)	(943)
Share issues	-	-	-	-	-	-
As at 31 December 2015	139	-	12,691	(599)	(15,287)	(3,056)
As at 1 January 2016	139	-	12,691	(599)	(15,287)	(3,056)
Profit for the year	-	-	-	-	198	198
Other comprehensive loss	-	-	-	(1,209)	-	(1,209)
Total comprehensive profit /(loss) for the year	-	-	-	(1,209)	198	(1,011)
Transactions with owners of parent in their capacity as owners:						
Share issues on AIM listing	65	12,935	-	-	-	13,000
Cost of issue of equity shares	-	(1,227)	-	-	-	(1,227)
As at 31 December 2016	**204**	**11,708**	**12,691**	**(1,808)**	**(15,089)**	**7,706**

Unaudited Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 £000	2015 £000
Net cash flows from operating activities		
Loss before income tax	(286)	(1,086)
Non-cash adjustments		
Depreciation and amortisation	1,665	1,457
Interest payable	684	649
Working capital adjustments		
Increase in trade and other receivables	(706)	(510)
Increase in trade and other payables	1,468	120
Tax receivable	468	344
Net cash generated from operations	3,293	974
Cash flows from investing activities		
Purchase of property, plant and equipment	(304)	(221)
Addition of intangible assets	(3,211)	(1,742)
Net cash used by investing activities	(3,515)	(1,963)
Cash flows from financing activities		
Proceeds from borrowings	819	1,704
Decrease in bank overdraft	-	(64)
Proceeds from share issue	8,500	57
Issue costs in relation to IPO	(1,227)	-
Repayment of loans	(5,404)	-
Interest and finance fees paid	(21)	(14)
Finance lease paid	(10)	(25)
Net cash generated by financing activities	2,657	1,658
Net increase in cash and equivalents	2,435	669
Cash and cash equivalents brought forward	402	96
Effect of foreign exchange rate changes	(290)	(363)
Cash and cash equivalents carried forward	2,547	402

Notes to the Financial Statements

1. Background and basis of preparation

The parent company ("the Company") of LoopUp Group plc (LSE AIM: LOOP) was incorporated on 1 February 2016 as Pacific Shelf 1812 Limited, and its name was changed on 11 March 2016 to LoopUp Limited, and on 8 June 2016 to LoopUp Group Limited. It re-registered as a plc with the name LoopUp Group plc on 18 August 2016. The Company is a limited liability company domiciled in the England and Wales, with company number 09980752. Its registered office is 78 Kingsland Road, London E2 8DP.

On 2 August 2016, the Company acquired the entire issued share capital of the former parent company of the Group, Ring2 Communications Limited, by way of a share for share exchange. This share for share exchange qualifies as a common control transaction and therefore falls outside of the scope of IFRS 3 Business Combinations. Consequently, an accounting policy has been developed based on the principles of reverse acquisition accounting. No goodwill has been recorded and the difference between the Company's cost of investment and the net assets of the group formerly headed by Ring2 Communications Limited (now LoopUp Limited) is presented as deemed consideration within share based payment expenses on consolidation. The Directors have determined this to be immaterial to the financial statements and hence have not adjusted the accounts for this balance. Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative financial period presented. Accordingly, the consolidated financial statements present the information as if the Group had been in existence for the whole of the current and previous years.

The unaudited summary financial information set out in this announcement does not constitute the Company's consolidated statutory accounts for the years ended 31 December 2016 or 31 December 2015. The results for the year ended 31 December 2016 are unaudited. The statutory accounts for the year ended 31 December 2016 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement, and will be delivered to the Registrar of Companies in due course. The statutory accounts are subject to completion of the audit and may change should a significant adjusting event occur before the approval of the Annual Report.

The Company was incorporated during the year. The statutory accounts for LoopUp Limited for the year ended 31 December 2015 have been reported on by the Company's auditors and delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not include references to any matter which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The preliminary announcement for the year ended 31 December 2016 was approved by the Board for release on 8 March 2017.

2. Segmental information

The Directors 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 LoopUp Revenue which consists of ongoing contracts to provide customers with access to the LoopUp conferencing platform.

The discontinued licensing revenue represented a contract with a single customer in the UK which completed in 2016.

There was no customer which represented more than 10% of total revenue in either year.

	2016	2015
	£000	£000
Analysis of revenue by segment:		
LoopUp Revenue	**12,823**	9,204
Discontinued licensing revenue	**736**	901
	13,559	10,105
Analysis of gross profit before tax by segment:		
LoopUp Revenue	**9,558**	6,624
Discontinued licensing revenue	**736**	901
	10,294	7,525
Geographical analysis of total revenue:		
EU	**7,356**	5,662
US	**5,952**	4,170
Rest of World	**251**	273
	13,559	10,105
Geographical analysis of LoopUp Revenue:		
EU	**6,620**	4,761
US	**5,952**	4,170
Rest of World	**251**	273
	12,823	9,204
Geographical analysis of non-current assets:		
EU	**4,897**	3,069
US	**351**	262
Rest of World	**37**	41
	5,285	3,372

3. Earnings / (loss) per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	2016	2015
Profit/(loss) attributable to equity holders (£000)	**198**	(580)
Weighted average no. of ordinary shares in issue (‘000)	**32,352**	23,855
Basic earnings/(loss) per share (pence)	**0.6**	(2.4)

The diluted earnings per share has been calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of shares in issue during the year, adjusted for potentially dilutive shares that are not anti-dilutive.

For the year to 31 December 2015, the number of shares used is identical to the basic loss per share calculation. This is because the outstanding share options would have the effect of reducing the loss per share and would not be dilutive under IAS 33.

	2016 ‘000	2015 ‘000
Weighted average number of ordinary shares in issue	**32,352**	23,855
Adjustment for share options	**4,413**	-
Weighted average number of potential ordinary shares in issue	**36,765**	23,855
Diluted earnings/(loss) per share (pence)	**0.5**	(2.4)

4. Dividends

The Directors do not recommend the payment of a dividend (2015: £nil).