LOOPUP GROUP PLC

("LoopUp Group" or the "Group")

Preliminary results for the year ended 31 December 2017

LoopUp Group plc (AIM: LOOP), the premium remote meetings company, today announces its unaudited preliminary results for the year ended 31 December 2017.

The Group has traded strongly as follows:

Financial Highlights

£ million	FY2017 (unaudited)	FY2016 (audited)	Year-on-year growth
LoopUp Revenue(1)	**17.5**	**12.8**	**36%**
Total revenue	**17.5**	**13.6**	**29%**
LoopUp Gross Profit(1)	**13.4**	**9.6**	**40%**
LoopUp Gross Profit margin(1)	**76.7%**	**74.5%**	**+220 BPS**
Total gross profit	**13.4**	**10.3**	**30%**
LoopUp EBITDA(1), (2)	**3.5**	**1.3**	**161%**
LoopUp Operating Profit(1)	**0.7**	**(0.3)**	
Total operating profit	**0.7**	**0.4**	
Diluted earnings per share (pence)	**4.4**	**0.5**	**722%**

1. *LoopUp Revenue, LoopUp Gross Profit, LoopUp EBITDA and LoopUp Operating Profit specifically exclude discontinued BT technology licensing business. Total revenue, gross profit, EBITDA and operating profit for FY2016, inclusive of £0.74m discontinued BT technology licensing revenue, were £13.56m, £10.29m, £2.06m and £0.40m, respectively. FY2017 numbers are unaffected as the BT technology licensing business discontinued in November 2016.*
2. *Earnings before interest, taxation, depreciation, amortisation.*

- 36% growth in LoopUp Revenue to £17.5m in FY2017 (FY2016: £12.8m), ahead of market expectations in spite of the second half currency headwind which saw sterling average \$1.32, up from \$1.23 at the start of the year.
- Constant currency revenue growth was 33.5% (H117: 37%; H217 30%), ahead of the 31% recorded in each of FY2016 and FY2015.
- The Group generated particularly strong revenue growth in the US, with 51% of revenue now from that region, 40% from the UK, 7% from continental Europe and 2% from rest of the world.
- Several customers acquired during FY2016 have developed into major revenue contributors during FY2017, including the Group's 1st, 4th and 9th largest accounts.
- Customer concentration remained well diversified with the largest single customer representing just 3.6% of total LoopUp Revenue (FY2016: 2.4%).
- 220 basis point improvement in like-for-like gross margin to 76.7% compared to FY2016, leading to 40% growth in LoopUp Gross Profit.
- LoopUp EBITDA grew to £3.5m, up 161% on £1.3m in FY2016, with the Group generating a £0.7m profit at an operating level.
- Diluted EPS increased 722% to 4.4 pence (FY2016: 0.5 pence).
- The Group paid down a final debt instalment of £0.3m on 31 January 2017. The Group ended the year debt-free with cash of £2.9m.

Operational Highlights

- The Group continues to see strong demand for its product from its target market of mid-to-large enterprises and professional services firms. Landmark accounts won in the second half of the year included a major newspapers and media group, a leading international financial advisory and asset management firm and a global human rights NGO.
- LoopUp users continue to engage well with the product's differentiated positioning. New users provisioned during FY2016 and FY2017 are now joining 75% of their meetings by having LoopUp call out to them rather than dialing in, and 78% of them have chosen to download one or both of LoopUp's Outlook add-in and mobile app.
- Gross revenue churn remained low in FY2017 at 5% (5% in FY2016 and 6% in FY2015). While maintained at these levels, this implies an expected customer lifetime of approximately 20 years.
- Efficiency metrics associated with the Group's eight (FY2017: six) team-based 'Pods' for new business acquisition remained strong with every £1 invested leading to a present value gross margin return of approximately £6[3] (FY2016: £6).
- LoopUp won Frost & Sullivan's 2017 North American Conferencing Services 'Enabling Technology Leadership' Award, for understanding and addressing demand from conferencing services end-users, creating a sustainable and differentiated competitive position, and earning customer loyalty. LoopUp's overall score was 95%, ten percentage points above its nearest competitor.
- The Group introduced support for enterprise Single Sign-On (SSO) into the LoopUp product, and support for inter-connected multi-site bridging into LoopUp's global network operations to enhance premium international voice quality.

Steve Flavell and Michael Hughes, co-CEOs of LoopUp Group, commented,

"We are very pleased to report continued strong business performance ahead of market expectations at all key P&L levels. Our track record of consistent revenue growth in excess of 30% has been maintained, gross margins have improved further and LoopUp EBITDA has grown by 161%.

Our differentiated product and competitive positioning are not only winning clients; not only keeping clients; but also helping us to grow clients into key revenue contributors over time. When combined with our efficient distribution unit economics and size of market, it makes for very exciting times here at LoopUp.

2018 has started encouragingly with some major recent customer wins set to roll out, and we remain confident in our ability to deliver continued strong 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, Barbados and Australia, and is listed on the AIM market of the London Stock Exchange (LOOP). For further information, please visit: www.loopup.com.

Notes:

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

Chief Executive Officers' Business Review

We are pleased to report on another period of robust business performance during financial year 2017, maintaining our track record of consistently strong and efficient revenue growth.

On a constant currency basis, LoopUp Revenue (excluding the discontinued BT technology licensing revenues of £0.7m in FY2016) grew by 33.5% in FY2017, compared to 31% in each of FY2016 and FY2015. Like-for-like gross margin improved by 220 basis points to 76.7%, and profitability has developed well further down the P&L, with LoopUp EBITDA growing by 161% to £3.5m, and diluted EPS growing by 722% to 4.4 pence.

Our performance continues to be driven by both our differentiated competitive positioning and our efficient and scalable team-based 'Pods' organisational structure for new business acquisition, each of which is discussed in greater detail below.

Market positioning and competitive strategy

At the heart of the Group's consistent and efficient growth is our market positioning and competitive strategy. A recent survey of 1,000 frequent conference callers, commissioned by LoopUp, showed that 68 percent of enterprise conference callers are still 'dialing in' to calls with phone numbers and access codes. They're not using any software at all for a better meeting experience.

This seems to fly in the face of the all too common time-wasting frustrations associated with dial-in conferencing: "That access code isn't recognised." "Who just joined?" "Who is it with all the background noise?" Respondents thought that 15 minutes were wasted on a typical call getting the meeting started and dealing with distractions. That's more than a third of the time the world spends on conference calls.

The security connotations are arguably more concerning still. Over half of the respondents considered it quite normal not to know exactly who's on their conference calls. With the experience clearly so far from perfect, why do the majority persist with dial-in rather than embracing software alternatives that might offer a better experience?

The answer, LoopUp believes, lies in the way people tend to adopt software. For most, this is a process of trial and error over time. As host of a remote meeting, however, you're live in the 'hot seat' with multiple guests. It simply isn't conducive to trial-and-error-based learning. The last thing you want is for anything to go wrong, and while dial-in may well be a poor experience, at least people are used to it. Everyone can dial a phone number and punch in an access code.

Plenty of software companies have introduced feature-rich products to try and drag conferencing out of the dial-in dark ages. And they've had some success with tech-savvy early adopters and specialist user groups, such as IT and Training teams. But, none has 'crossed the chasm' into the mainstream majority, where bells and whistles can be intimidating rather than impressive. The majority continue to play it safe with dial-in; their meeting experience remains poor; and IT decision-makers remain frustrated by the meagre adoption of 'better' options.

LoopUp takes a contrarian approach. Rather than trying to wow early adopters, LoopUp is specifically designed for the mainstream majority but with a significantly better experience than dial-in. In the risk-averse world of remote meetings, we believe this is essential if we're to entice the majority away from dial-in. We don't overwhelm users with features and believe 'less is more' when it comes to remote meetings. Our minimalist interface is designed to guide users through an intuitive experience, with no training required. We focus on delivering a reliable, high quality experience on every call, in terms of both audio quality and visual context.

And it's working. Our users are now foregoing dial-in 75%[(4)] of the time. Instead, LoopUp calls out to them on a phone of their choice and then naturally guides them to a helpful visual interface where you can see 'who just joined' and 'who's speaking.' Finally, dial-in can fade into the background, bringing a new level of visibility and security to light.

Continued efficient growth

Our Pods have continued to operate to highly efficient unit economics. Each Pod delivered on average £472,000 of new annual recurring revenue (or £362,000 of new annual recurring gross margin) at an average fully-loaded non-recurring cost of £483,000.

The Group has maintained its low gross revenue churn rate at 5% (FY2016: 5% and FY2015: 6%), which while maintained, implies a circa 20-year expected lifetime over which this annual gross margin would recur. The benefit of increased usage of our product in our long term customer base means that net revenue churn is actually negative – i.e. revenues from this customer base actually grew at a rate of 5.4%, net of lost customers, in 2017. Even assuming such growth does not continue, these economics mean that every £1 invested into our Pods has a present value gross margin return of approximately £6 (3) (FY2016: £6).

Our customer base remains well diversified, with the largest single customer representing just 3.6% of total LoopUp Revenue. Our top 100 customers accounted for 62% of LoopUp Revenue, and the top 500 accounted for 91%. The Group generated 40% of LoopUp Revenue from the United Kingdom, 51% from the United States, 7% from continental Europe and 2% from the rest of the world. Our established revenue base in the United States is an important foundation for future growth as this geographic market accounts for approximately 60% of global demand.

Progressing with our strategic priorities

We continue to progress well against our strategic priorities and expect 2018 to continue further in this vein. Organic growth and investment in internally established capabilities remains central to our growth plan and the Group remains open to other routes to growth, should opportunities present themselves. Whatever the route, however, during 2018 our pursuit of growth will be focused on three key areas:

- **'Pod' investment:** We have continued investment into our team-based 'Pods' organisational structure for new business acquisition. We have increased the average number of Pods to eight during FY2017 (FY2016: six) and plan to increase the number to 11 during FY2018. We will also be introducing lead generation marketing and exploring new geographic markets for the Group to enter in addition to our core UK and US markets.

- **Product development:** We continue to invest in developing the LoopUp product. This year we have introduced support for enterprise Single Sign-On (SSO) and inter-connected multi-site bridging for premium international voice quality. This will remain at the heart of our corporate strategy during 2018 as we continue to enhance the customer experience..

- **Grow existing base:** Several customers acquired during FY2016 have developed into major revenue contributors during FY2017, including the Group's 1st, 4th and 9th largest accounts. This is a reflection of the value our customers place in the intuitive and streamlined user experience. As we on-board new customers, we will continue to focus on growing them into marquee accounts over time.

Positive Outlook

We continue to see strong demand for our product from our target market of mid-to-large enterprise and professional services firms. Our highly differentiated market positioning and competitive strategy, combined with our efficient new business unit economics, make for an exciting outlook and we remain confident in our ability to deliver further growth.

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

3. *Adjusting for resource allocated to new market testing, and using a risk-based discount rate of 12% over an assumed customer lifespan of 20 years (the inverse of the Group's 5% loss rate)*

4. Based on new LoopUp users provisioned during both FY2016 and FY2017

Chief Financial Officer's Review

2017 was a year of excellent progress for LoopUp. The continued strong growth of our business combined with improved profitability has ensured that the business is in a strong position as we go in to 2018.

LoopUp Revenue (excluding the discontinued BT technology licensing revenues of £0.7m in FY2016) grew by 36% in FY2017 to £17.5m, which was ahead of market expectations despite a second half currency headwind which saw sterling average $1.32, up from $1.23 at the start of the year. Constant currency revenue growth was 33.5% (H117: 37%; H217 30%), ahead of the 31% recorded in each of FY2016 and FY2015.

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 cost of goods sold. As a result, the gross margin percentage improved from 74.5% in FY2016 to 76.7% in FY2017.

Administrative expenses grew by 28% in the year, significantly lower than the rate of revenue growth. The main areas of increase in spending were sales and engineering headcount, both of which are important underpinnings of future growth. Consequently, LoopUp EBITDA rose 161% from £1.3m in FY2016 to £3.5m in FY2017.

The Group's spend on development costs rose from £3.2m in 2016 to £3.8m in FY2017. The increase largely represents the full year impact of investments made in engineering headcount during 2016.

These costs are allocated to specific development projects, which are then amortised once the project is deemed complete. Due to the timing of completion of the various development projects worked on in recent years, the amortisation charge at £2.1m lags the level of spend for FY2017 (FY2016: £1.4m). As we have guided previously, this charge is expected to increase and broadly equalise with the level of spend over the next few years. In addition, £0.3m of cost was deemed to be impaired at the end of FY2017 (FY2016: £nil), relating to small projects which were no longer core to the LoopUp product.

The Group achieved an operating profit of £0.7m in FY2017, compared to a loss of £0.3m in FY2016 (adjusted for discontinued BT technology licencing revenues).

The Group continues to receive a tax benefit from its research and development activity, and we expect to submit a claim for £0.9m of tax cash credit for FY2017, in addition to the £0.8m successfully claimed for FY2016.

Assets and cash flows

Net cashflow before financing for the full year was (£0.1m) (FY2016: (£0.2m)). The second half of the year showed a positive net cashflow before financing of £0.5m.

The Group's much improved balance sheet showed £10.5m of net assets and £2.9m of net cash at the end of FY2017. The Group paid down a final debt installment of £0.3m on 31 January 2017 and ended the year debt free.

In addition, the Group has over £12m of accumulated tax losses at the end of FY2017, 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 2017

	Note	**2017 £000**	2016 £000
LoopUp Revenue[(i)]		**17,465**	12,823
Discontinued licencing revenue		**-**	736
Total revenue	2	**17,465**	13,559
Cost of sales		**(4,076)**	(3,265)
Gross profit	2	**13,389**	10,294
Administrative expenses		**(12,657)**	(9,896)
Operating profit		**732**	398
EBITDA[(ii)]		**3,462**	2,063
Depreciation		**(291)**	(246)
Amortisation of intangible fixed assets		**(2,139)**	(1,419)
Impairment of intangible fixed assets		**(300)**	-
Operating profit		**732**	398
Finance costs		**(3)**	(684)
Profit / (loss) before income tax		**729**	(286)
Income tax		**1,260**	484
Profit for the year		**1,989**	198
Currency translation loss		**(175)**	(1,209)
Total comprehensive income for the year attributable to the equity holders of the parent		**1,814**	(1,011)
Earnings per share (pence):			
Basic	3	**4.8**	0.6
Diluted	3	**4.4**	0.5

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

(ii) EBITDA is operating profit stated before depreciation, amortisation of intangible fixed assets.

Unaudited Consolidated Statement of Financial Position

As at 31 December 2017

	2017 £000	2016 £000
Assets		
Property, plant and equipment	**466**	463
Intangible assets	**6,142**	4,822
Total non-current assets	**6,608**	5,285
Trade and other receivables	**3,348**	2,802
Cash and cash equivalents	**2,902**	2,547
Current tax	**904**	500
Total current assets	**7,154**	5,849
Total assets	**13,762**	11,134
Liabilities		
Trade and other payables	**(2,118)**	(1,744)
Accruals and deferred income	**(1,189)**	(1,378)
Borrowings	**-**	(306)
Total current liabilities	**(3,307)**	(3,428)
Net current assets	**3,847**	2,421
Total liabilities	**(3,307)**	(3,428)
Net assets	**10,455**	7,706
Equity		
Share capital	**210**	204
Share premium	**12,637**	11,708
Other reserve	**12,691**	12,691
Foreign currency translation reserve	**(1,983)**	(1,808)
Retained loss	**(13,100)**	(15,089)
Shareholders' funds attributable to equity owners of parent	**10,455**	7,706

Unaudited Consolidated Statement of Changes in Equity
For the year ended 31 December 2017

	Share capital	Share premium	Other reserve	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 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)
Share issues on AIM listing	65	12,935	-	-	-	13,000
Cost of share issue	-	(1,227)	-	-	-	(1,227)
As at 31 December 2016	204	11,708	12,691	(1,808)	(15,089)	7,706
As at 1 January 2017	204	11,708	12,691	(1,808)	(15,089)	7,706
Profit for the year	-	-	-	-	1,989	1,989
Other comprehensive loss	-	-	-	(175)	-	(175)
Total comprehensive profit /(loss) for the year	-	-	-	(175)	1,989	1,814
Transactions with owners of parent in their capacity as owners:						
Share issues	6	929	-	-	-	935
As at 31 December 2017	**210**	**12,637**	**12,691**	**(1,983)**	**(13,100)**	**10,455**

Unaudited Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017 £000	2016 £000
Net cash flows from operating activities		
Profit / (loss) before income tax	729	(286)
Non-cash adjustments		
Depreciation and amortisation	2,430	1,655
Impairment of intangible fixed assets	300	-
Interest payable	-	684
Working capital adjustments		
Increase in trade and other receivables	(547)	(706)
Increase in trade and other payables	183	1,468
Tax receivable	858	468
Net cash generated from operations	3,953	3,293
Cash flows from investing activities		
Purchase of property, plant and equipment	(331)	(304)
Addition of intangible assets	(3,760)	(3,211)
Net cash used by investing activities	(4,091)	(3,515)
Cash flows from financing activities		
Proceeds of borrowings	-	819
Proceeds from share issue	935	8,500
Issue costs in relation to IPO	-	(1,277)
Repayment of loans	(306)	(5,404)
Interest and finance fees paid	-	(21)
Finance lease paid	-	(10)
Net cash generated from financing activities	629	2,657
Net increase in cash and equivalents	491	2,435
Cash and cash equivalents brought forward	2,547	402
Effect of foreign exchange rate changes	(136)	(290)
Cash and cash equivalents carried forward	2,902	2,547

Notes to the Financial Statements

1. Background and basis of preparation

The principal activity of the Group is the provision of a software-as-a-service (SaaS) solution for remote business meetings.

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

The Parent Company ('the Company') LoopUp Group plc 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.

On 2 August 2016, the Company acquired the entire issued share capital of the former parent company of the Group, Ring2 Communications Limited (now LoopUp 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
- The assets and liabilities of the legal subsidiary, Ring2 Communications Limited are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts, without restatement to their fair value.
- The retained reserves recognised in the consolidated financial statements reflect the retained reserves of LoopUp Limited to the date of acquisition.
- In applying IFRS 3 by analogy, the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent LoopUp Group PLC, including the equity instruments issued under the share exchange to effect the business combination.
- An 'Other reserve' has been created to enable the presentation of a consolidated balance sheet which combines the equity structure of the legal parent with the non-statutory reserves of the legal subsidiary.

The unaudited summary financial information set out in this announcement does not constitute the Group's consolidated statutory accounts for the years ended 31 December 2017 or 31 December 2016. The results for the year ended 31 December 2017 are unaudited. The statutory accounts for the year ended 31 December 2017 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 statutory accounts for the Group for the year ended 31 December 2016 have been reported on by the Group'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 2017 was approved by the Board for release on 6 March 2018.

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.

No segmental balance sheet was presented to the CODM.

	2017	2016
	£000	£000
Analysis of revenue by segment:		
LoopUp Revenue	**17,465**	12,823
Discontinued licensing revenue	**-**	736
	17,465	13,559
Analysis of gross profit before tax by segment:		
LoopUp Revenue	**13,389**	9,558
Discontinued licensing revenue	**-**	736
	13,389	10,294
Geographical analysis of total revenue:		
EU(1)	**8,224**	7,356
US	**8,968**	5,952
Rest of World	**273**	251
	17,465	13,559
Geographical analysis of LoopUp Revenue:		
EU(2)	**8,224**	6,620
US	**8,968**	5,952
Rest of World	**273**	251
	17,465	12,826
Geographical analysis of non-current assets:		
EU	**6,209**	4,897
US	**354**	351
Rest of World	**45**	37
	6,608	5,285

All EU non-current assets reside in the UK.

1 Includes revenue earned in the UK of £6,957,000 (2016: £5,903,000).
2 Includes revenue earned in the UK of £6,957,000 (2016: £5,167,000).

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.

	2017	2016
Profit attributable to equity holders (£000)	**1,989**	198
Weighted average no. of ordinary shares in issue ('000)	**41,208**	32,352
Basic earnings per share (pence)	**4.8**	0.6

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.

	2017 **'000**	2016 '000
Weighted average number of ordinary shares in issue	**41,208**	32,352
Adjustment for share options	**3,699**	4,413
Weighted average number of potential ordinary shares in issue	**44,907**	36,765
Diluted earnings per share (pence)	**4.4**	0.5

4. Dividends

The Directors do not recommend the payment of a dividend (2016: £nil).