

**LOOPUP GROUP PLC**
**(“LoopUp Group” or the “Group”)**
**Interim results for the six months ended 30 June 2017**

LoopUp Group plc (AIM: LOOP), the premium remote meetings company, today announces its unaudited interim results for the six months ended 30 June 2017. The results demonstrate six months of further robust growth in revenue and profitability, driven by continued strong sales and customer loyalty across the Group’s key markets. The Group enters the second half of the year with a healthy new business pipeline and a debt-free balance sheet.

**Financial Highlights**

£ million	Six months to 30 June 2017 (unaudited)	Six months to 30 June 2016 (unaudited)	Year-on-year growth
<b>LoopUp Revenue<sup>(1)</sup></b>	<b>8.65</b>	<b>6.00</b>	<b>44.2%</b>
<b>Total revenue</b>	<b>8.65</b>	<b>6.38</b>	<b>35.6%</b>
<b>LoopUp Gross Profit<sup>(1)</sup></b>	<b>6.65</b>	<b>4.42</b>	<b>50.3%</b>
<b>LoopUp Gross Profit margin<sup>(1)</sup></b>	<b>76.8%</b>	<b>73.7%</b>	<b>+310 BPS</b>
<b>LoopUp EBITDA<sup>(1),(2)</sup></b>	<b>1.61</b>	<b>0.89</b>	<b>81.4%</b>
<b>LoopUp Operating Profit<sup>(1)</sup></b>	<b>0.51</b>	<b>0.14</b>	<b>264.3%</b>
<b>Diluted earnings per share (pence)</b>	<b>1.9</b>	<b>0.2</b>	

1. *LoopUp Revenue, LoopUp Gross Profit, LoopUp EBITDA and LoopUp Operating Profit are revenue, gross profit, EBITDA and operating profit respectively from the LoopUp product and associated value-added add-on capabilities, and so exclude discontinued BT technology licensing business. Total revenue, gross profit, EBITDA and operating profit for H12016, inclusive of £0.38m discontinued BT technology licensing revenue, were £6.38m, £4.80m, £1.27m and £0.52m, respectively. H12017 numbers are unaffected as the BT technology licensing business discontinued in November 2016.*
2. *Earnings before interest, taxation, depreciation, amortisation and share based payments charges.*

**Operational Highlights**

- 44% growth in LoopUp Revenue, an increase in growth rate from 39% in FY2016 and 36% in FY2015. Growth at constant currency in H1 2017 was 37.2% year-on-year compared to 31% in each of FY2016 and FY2015
- 310 basis point improvement in like-for-like gross profit margin compared to H1 2016, leading to a 50.3% growth in LoopUp Gross Profit
- 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 in H1 2017 was 9.1% (FY2016: 8.3%)
- Continued investment in the Group’s team-based ‘Pods’ for new business acquisition led to an average of 7.7 Pods during the period (FY2016: 6.2 Pods), each costing £493,000 on a fully-loaded basis (FY2016: £490,000), and each returning new annual recurring revenue growth of £508,000 (FY2016: £509,000)
- Particularly strong US growth with the Group generating 36% of LoopUp Revenue from the United Kingdom, 52% from the United States, 10% from continental Europe and 2% from the rest of the world
- Introduced support for enterprise Single Sign-On (SSO) into the LoopUp product
- Introduced inter-connected multi-site bridging into LoopUp’s global network operations to enhance premium international voice quality
- The Group paid down a final debt installment of £0.3m on 31 January 2017, leaving the Group’s balance sheet debt-free. As at 30 June 2017, the Group’s net cash position was £1.6 million

**Steve Flavell, Co-CEO of LoopUp Group**, commented,

*“We are very pleased to report continued strong performance in our 2017 interim results. LoopUp is benefiting from significant momentum and the 44% growth in LoopUp Revenue exceeds FY2016 and FY2015 growth rates both as reported on a pound-sterling basis and on a constant currency basis. Like-for-like gross margins have improved, the business has developed its profitability at both EBITDA and operating levels and our metrics for new business acquisition efficiency and business retention remain strong.*

*The second half of 2017 has started encouragingly with some major new customer wins set to roll out, and we remain confident for the full financial year as well as in our ability to deliver growth beyond that. We attribute our continued positive performance and outlook to our highly differentiated product strategy in the large £5 billion market for outsourced remote meetings services.”*

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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](http://www.loopup.com).

### **Notes:**

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

LoopUp Group plc was incorporated on 1 February 2016. The company acquired the share capital of the trading entity, Ring2 Communications Limited (now LoopUp Limited), on 2 August 2016. Therefore, at 30 June 2016, LoopUp Group plc had no trading activity to report, nor had formed a group including LoopUp Limited. The comparative financials for six months ended 30 June 2016 represent the trading results of LoopUp Limited (a company with the same registered address as the LoopUp Group and the registered number 4677393) and its subsidiaries.

## **Chief Executive Officers' Business Review**

We're pleased to report on another period of robust performance in the first half of 2017. The period has seen us deliver strong revenue growth, gross margin improvements and increased profitability at both EBITDA and operating profit levels. Helping to drive this progress, we have maintained efficient new business acquisition and customer retention metrics and made progress against our strategic objectives.

### ***Continued strong growth***

We have maintained our track record of consistently strong revenue growth. On a sterling-reported basis, LoopUp Revenue grew by 44% year-on-year compared to H1 2016, up from 39% growth in FY2016 and 36% growth in FY2015.

On a constant currency basis, 37 percentage points were due to business growth and 7 percentage points were due to dollar currency changes against the pound year-on-year compared to H1 2016. This constant currency growth of 37% exceeds previous periods, namely 31% in each of FY2016 and FY2015.

### ***Key driver of consistent growth: differentiated product strategy***

The consistency of our strong growth in this £5 billion technology space, which over the years has attracted heavyweight market participants such as Google, Amazon, Microsoft, Cisco, Citrix and Adobe, as well as hot Silicon Valley names such as Zoom and Blue Jeans, is, we believe, due to our clearly differentiated product strategy.

More than twenty years into this technology space, most business users are still dialling into conference calls with numbers and codes. It is LoopUp's belief that they're doing so not because they like it – the time-wasting frustrations of conference calling are widely recognised – but because software-based alternatives are deemed too intimidating. A recent survey<sup>1</sup> showed that 83% of frequent conference callers would do more web-based conferencing if it were easier. Unlike many types of enterprise software that are learned and adopted over time through trial and error, there is little to no appetite for risk when hosting a live remote meeting with multiple clients and colleagues. The mainstream majority stick to what they know and are comfortable with: dialling in.

There are plenty of highly-functional software products in the market, vying for the attention of tech-savvy early adopters and specialist departmental users such as training and IT staff. LoopUp, however, is pursuing a notably different strategy by building and marketing a software product specifically designed for 'everyone else': a large niche, everyone who's still dialling in. We do so by offering an intuitive and streamlined user experience that is designed to require no end user training. We obsess over the usage rates of those select capabilities we choose to incorporate into the product; we take the view that, done well, less is more. This is a quite different strategy to the technology-led, feature-loaded approach of the software-based competition.

### ***Continued efficiency of growth***

Our team-based 'Pods' organisational structure for new business acquisition has continued to operate to efficient underlying unit economics. During H1 2017, each of the 7.7 Pods delivered an average of £508,000 new annual recurring revenue at a fully-loaded one-off cost of £493,000. The Group has a

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<sup>1</sup> Survey commissioned by LoopUp and conducted by Sapio Research, August 2017 (n=1000)

low customer loss rate of just 5.5% of revenue over the last 12-month period, which if maintained, would imply an 18-year expected lifetime over which this annual revenue would recur.

Furthermore, in our established customer base, we have again demonstrated 'negative net churn'. Taking into account all losses, shrinkages and growths, LoopUp Revenue in the period from all customers of at least one year old actually net grew year-on-year by 9.1% (FY 2016: 8.3%).

Our customer base remains well diversified, with the largest single customer (which the Group won in 2016) representing just 3.8% of total LoopUp Revenue. Our top 100 customers accounted for 63% of LoopUp Revenue, and the top 500 accounted for 91%. The Group generated 36% of LoopUp Revenue from the United Kingdom, 52% from the United States, 10% 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 over 59% of global demand.

### ***Progress against our strategic priorities***

We have made strong progress against each of our three strategic priorities:

- As indicated at IPO, we plan to increase the number of Pods to an average of at least eight during 2017 and an average of at least 11 during 2018. With an average of 7.7 during H1 2017, we remain well on track to deliver against these targets.
- Our new Marketing team, which was brought on board after the IPO, has made substantial progress on multiple fronts. They have produced a wealth of original thought leadership content now available in a new 'Resources' zone of our corporate website and which will form a cornerstone of various demand generation activities going forward; initiated a business PR program leading to numerous published articles; established relationships with several leading technology space analyst firms that have already led to research coverage and award recognition; and worked closely with the Group's commercial operations team towards delivering end-to-end tracking of our nascent demand generation activities.
- During H1 2017, we have continued to innovate the LoopUp product by adding support for Single Sign-On (SSO) identity management, which enables enterprise IT decision-makers finally to bring conference calling under the SSO banner. While SSO is relatively common in software based products that tend to serve the early adopter part of our market, it is by contrast quite differentiating in the part of the market that LoopUp serves: the mainstream majority who, prior to LoopUp, have just dialed in to non-software based audio services. We have also introduced a new bridging architecture, whereby a single conference call can be bridged in multiple interconnected LoopUp data centres, and so materially enhancing voice quality in larger international remote meetings.

### ***Positive Outlook***

We continue to see strong demand for our product from our target market of mid-to-large enterprise and professional services firms. Since the end of the reported period, we've had some major new customer wins set to roll out in the second half, including a major multinational consulting organisation, a premier investment banking advisory firm, and a leading UK building society. Pipelines are healthy and we remain confident in our ability to deliver further growth.

**Unaudited consolidated statement of comprehensive income for the six months to 30 June 2017**

£'000	Six months to 30 June 2017	Six months to 30 June 2016	12 months to 31 December 2016
<b>LoopUp Revenue</b> <sup>(1)</sup>	<b>8,651</b>	<b>5,998</b>	<b>12,823</b>
Discontinued licensing revenue	-	384	736
<b>Total revenue</b>	<b>8,651</b>	<b>6,382</b>	<b>13,559</b>
Cost of sales	(2,004)	(1,579)	(3,265)
<b>Gross profit</b>	<b>6,647</b>	<b>4,803</b>	<b>10,294</b>
Administrative expenses	(5,038)	(3,532)	(8,231)
<b>EBITDA</b> <sup>(2)</sup>	<b>1,609</b>	<b>1,271</b>	<b>2,063</b>
Depreciation	(137)	(107)	(246)
Amortisation	(962)	(644)	(1,419)
Other operating income	-	-	-
<b>Operating profit</b>	<b>510</b>	<b>520</b>	<b>398</b>
Finance costs	(3)	(448)	(684)
<b>Profit / (loss) before tax</b>	<b>507</b>	<b>72</b>	<b>(286)</b>
Income tax	356	-	484
<b>Profit for the period</b>	<b>863</b>	<b>72</b>	<b>198</b>
<b>Other comprehensive income and loss</b>			
Currency translation loss	(80)	(878)	(1,209)
<b>Total comprehensive income / (loss) for the period attributable to the equity holders of the parent</b>	<b>783</b>	<b>(806)</b>	<b>(1,011)</b>
<b>Earnings per share (pence) – Note 4</b>			
Basic	2.1	0.3	0.6
Diluted	1.9	0.2	0.5

1. LoopUp Revenue is revenue from the LoopUp product and associated value-added add-on capabilities; excludes discontinued BT technology licencing revenue.
2. EBITDA is operating profit stated before depreciation, amortisation of intangible fixed assets and share-based payments charges.

## Unaudited consolidated statement of financial position at 30 June 2017

£'000	30 June 2017	30 June 2016	31 December 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	528	428	463
Intangible assets	5,705	3,616	4,822
<b>Total non-current assets</b>	<b>6,233</b>	<b>4,034</b>	<b>5,285</b>
<b>Current assets</b>			
Trade and other receivables	3,539	2,795	2,802
Cash and cash equivalents	1,612	1,086	2,547
Current tax	-	-	500
<b>Total current assets</b>	<b>5,151</b>	<b>3,881</b>	<b>5,849</b>
<b>Total assets</b>	<b>11,384</b>	<b>7,925</b>	<b>11,134</b>
<b>Liabilities</b>			
Trade and other payables	(1,788)	(1,284)	(1,744)
Accruals and deferred income	(986)	(582)	(1,378)
Borrowings	-	(5,110)	(306)
<b>Total current liabilities</b>	<b>(2,774)</b>	<b>(6,976)</b>	<b>(3,428)</b>
<b>Net current assets / (liabilities)</b>	<b>2,377</b>	<b>(3,095)</b>	<b>2,421</b>
<b>Non-current liabilities</b>			
Borrowings	-	(4,811)	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>(4,811)</b>	<b>-</b>
<b>Total liabilities</b>	<b>(2,774)</b>	<b>(11,787)</b>	<b>(3,428)</b>
<b>Net assets / (liabilities)</b>	<b>8,610</b>	<b>(3,862)</b>	<b>7,706</b>
<b>Equity</b>			
Share capital	205	139	204
Share premium	11,828	-	11,708
Other reserve	12,691	12,691	12,691
Foreign currency translation reserve	(1,888)	(1,477)	(1,808)
Retained loss	(14,226)	(15,215)	(15,089)
<b>Shareholders' funds / (deficit) attributable to equity owners of parent</b>	<b>8,610</b>	<b>(3,862)</b>	<b>7,706</b>

## Unaudited consolidated statement of changes in equity at 30 June 2017

£'000	Share capital	Share premium	Other reserve	Foreign currency translation reserve	Retained loss	Shareholders' funds / (deficit) attributable to equity owners of parent
<b>Balance at 1 January 2016</b>	<b>139</b>	<b>-</b>	<b>12,691</b>	<b>(599)</b>	<b>(15,287)</b>	<b>(3,056)</b>
Profit and total comprehensive income / (loss)	-	-	-	(878)	72	(806)
<b>Balance at 30 June 2016</b>	<b>139</b>	<b>-</b>	<b>12,691</b>	<b>(1,477)</b>	<b>(15,215)</b>	<b>(3,862)</b>
Profit and total comprehensive income	-	-	-	(331)	126	(205)
Share issue on AIM listing	65	12,935	-	-	-	13,000
Cost of issue of equity shares	-	(1,227)	-	-	-	(1,227)
<b>Balance at 31 December 2016</b>	<b>204</b>	<b>11,708</b>	<b>12,691</b>	<b>(1,808)</b>	<b>(15,089)</b>	<b>7,706</b>
Profit and total comprehensive income	-	-	-	(80)	863	783
Proceeds from share issue	1	120	-	-	-	121
<b>Balance at 30 June 2017</b>	<b>205</b>	<b>11,828</b>	<b>12,691</b>	<b>(1,888)</b>	<b>(14,226)</b>	<b>8,610</b>

## Unaudited consolidated statement of cash flows for the six months to 30 June 2017

£'000	Six months to 30 June 2017	Six months to 30 June 2016	12 months to 31 December 2016
<b>Net cash flow from operating activities</b>			
Profit / (loss) before tax	507	72	(286)
Non-cash adjustments			
Depreciation and amortisation	1,099	751	1,655
Interest payable	3	448	684
Working capital adjustments			
Increase in trade and other receivables	(737)	(699)	(706)
Increase / (decrease) in trade and other payables	(348)	202	1,468
Tax receivable	856	483	468
<b>Cash generated from operations</b>	<b>1,380</b>	<b>1,257</b>	<b>3,293</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(202)	(193)	(304)
Addition of intangible assets	(1,845)	(1,230)	(3,211)
<b>Net cash used in investing activities</b>	<b>(2,047)</b>	<b>(1,423)</b>	<b>(3,515)</b>
<b>Cash flows from financing activities</b>			
Proceeds of borrowings	-	778	819
Proceeds from share issues	121	-	8,500
Issue costs in relation to IPO	-	-	(1,227)
Repayment of loans	(306)	-	(5,404)
Interest and finance fees paid	(3)	(7)	(21)
Finance leases paid	-	-	(10)
<b>Net cash generated by financing activities</b>	<b>(188)</b>	<b>771</b>	<b>2,657</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(855)</b>	<b>605</b>	<b>2,435</b>
Cash and cash equivalents brought forward	2,547	402	402
Effect of foreign exchange rate changes	(80)	79	(290)
<b>Cash and cash equivalents carried forward</b>	<b>1,612</b>	<b>1,086</b>	<b>2,547</b>



## **Notes to the financial information for the six months ended 30 June 2017**

### **1. General information**

LoopUp Group plc (AIM: "LOOP", "LoopUp Group", or the "Group") is a global software-as-a-service ("SaaS") provider of remote meetings. It is a public limited company incorporated and domiciled in England and Wales, with company number 09980752. Its registered office is 78 Kingsland Road, London, E2 8DP.

### **2. Basis of preparation and significant accounting policies**

LoopUp Group plc was incorporated on 1 February 2016. The company acquired the share capital of the trading entity, LoopUp Limited, on 2 August 2016. Therefore, at 30 June 2016, LoopUp Group plc had no trading activity to report, nor had formed a group including LoopUp Limited. The comparative financials for six months ended 30 June 2016 represent the trading results of LoopUp Limited (a company with the same registered address as the LoopUp Group and the registered number 4677393) and its subsidiaries.

These consolidated interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (September 2016). This results announcement does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. The balance sheet at 31 December 2016 has been derived from the full Group accounts published in the Annual Report and Accounts 2016, which has been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

The results have been prepared in accordance with the accounting policies set out in the Group's 31 December 2016 statutory accounts, which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union ("EU"). No changes to accounting policies are expected for the year ending 31 December 2017.

These unaudited interim results have been prepared on a going concern basis. At the balance sheet date, the Group had net cash of £1.6m and net assets of £8.6m, and as such the Directors have a reasonable expectation that the Group has adequate resources to continue operations for the next twelve months.

The results for the six months ended 30 June 2017 were approved by the Board on 5 September 2017. A copy of these interim results will be available on the Group's web site [www.loopup.com](http://www.loopup.com) from 6 September 2017.

The principal risks and uncertainties faced by the Group have not changed from those set out in the Annual Report and Accounts 2016.

### 3. Revenue and segmental reporting

The Directors have identified 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.

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 licencing revenue represented a contract with a single customer in the UK which completed in 2016. This was the only customer which represented more than 10% of revenues in any period.

£'000	Six months to 30 June 2017	Six months to 30 June 2016	12 months to 31 December 2016
<b>Analysis of revenue by segment:</b>			
LoopUp Revenue	8,651	5,998	12,823
Discontinued licencing revenue	-	384	736
	<b>8,651</b>	<b>6,382</b>	<b>13,559</b>
<b>Analysis of gross profit before tax by segment:</b>			
LoopUp Revenue	6,647	4,419	9,558
Discontinued licencing revenue	-	384	736
	<b>6,647</b>	<b>4,803</b>	<b>10,294</b>
<b>Geographical analysis of total revenue:</b>			
EU <sup>(1)</sup>	3,964	3,631	7,356
US	4,547	2,635	5,952
Rest of World	140	116	251
	<b>8,651</b>	<b>6,382</b>	<b>13,559</b>
<b>Geographical analysis of LoopUp Revenue:</b>			
EU <sup>(2)</sup>	3,964	3,247	6,620
US	4,547	2,635	5,952
Rest of World	140	116	251
	<b>8,651</b>	<b>5,998</b>	<b>12,823</b>
<b>Geographical analysis of non-current assets:</b>			
EU	5,775	2,648	4,897
US	419	340	351
Rest of World	39	46	37
	<b>6,233</b>	<b>3,034</b>	<b>5,285</b>

<sup>(1)</sup> Includes revenue earned in the UK of £3,116,000 (H1 2016: £2,913,000, FY 2016: £5,903,000)

<sup>(2)</sup> Includes revenue earned in the UK of £3,116,000 (H1 2016: £2,529,000, FY 2016: £5,167,000)

All EU non-current assets reside in the UK

#### 4. Earnings 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 excluding those held in treasury:

	Six months to 30 June 2017	Six months to 30 June 2016	12 months to 31 December 2016
Profit attributable to equity holders (£'000)	863	72	198
Weighted average number of ordinary shares in issue ('000)	40,195	27,740	32,352
<b>Basic earnings per share (pence)</b>	<b>2.1</b>	<b>0.3</b>	<b>0.6</b>

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

	Six months to 30 June 2017	Six months to 30 June 2016	12 months to 31 December 2016
Weighted average number of ordinary shares in issue ('000)	40,915	27,740	32,352
Adjustments for share options ('000)	4,290	4,423	4,413
Weighted average number of potential ordinary shares in issue ('000)	45,205	32,163	36,765
<b>Diluted earnings per share (pence)</b>	<b>1.9</b>	<b>0.2</b>	<b>0.5</b>

#### 5. Dividends

The directors did not recommend the payment of a dividend for the years ended 31 December 2016 or 2015.