LOOPUP GROUP PLC

("LoopUp Group" or the "Group")

Preliminary results for the year ended 31 December 2018

Transformative growth year, enabling increased investment in proven sales structure

LoopUp Group plc (AIM: LOOP), the premium remote meetings company, today announces its unaudited preliminary results for the year ended 31 December 2018.

The results demonstrate transformational growth for the Group, driven by both the acquisition of MeetingZone in June 2018 and our organic LoopUp growth engine. The maintenance of strong organic unit economics, combined with a successful proof-of-concept programme to accelerate recruitment into our proven new business pods, now lead the Group to announce additional investment out of its increasingly cash-generative operations to accelerate future growth.

Financial Highlights

£ million	FY2018 (unaudited)	FY2017 (audited)	Year-on-year growth
Revenue	**34.2**	**17.5**	**96%**
Gross profit	**23.9**	**13.4**	**78%**
Adjusted EBITDA (1)	**7.7**	**3.5**	**121%**
Adjusted operating profit (2)	**4.5**	**0.7**	**521%**
Operating profit	**0.9**	**0.7**	**16%**
Adjusted diluted EPS (pence) (2)	**9.3**	**4.4**	**111%**

1. *Earnings before interest, taxation, depreciation and amortisation, adjusted to exclude non-recurring transaction costs, exceptional reorganisation costs and share-based payment charges*
2. *Adjusted to exclude non-recurring transaction costs, exceptional reorganisation costs, amortisation of acquired intangibles and share-based payment charges*

- Adjusted diluted EPS[2] grew by 111% to 9.3 pence in FY2018 (FY2017: 4.4 pence), well ahead of market expectations.
- Adjusted operating profit[2] grew by 521% to £4.5 million in FY2018 (FY2017: £0.7 million), and adjusted EBITDA[2] grew by 121% to £7.7 million in FY2018 (FY2017: £3.5 million).
- Group revenue increased by 96% to £34.2 million in FY2018 (FY2017: £17.5 million).
- The Group ended the year with cash of £5.6 million and net debt of £10.6 million.

Operating Highlights

- On 4 June 2018, the Group completed the acquisition of MeetingZone, which is now fully integrated into a unified Group organisational structure with annualised cost synergies materially above the £3 million announced at the time of acquisition.
- The project to transition MeetingZone's audio conferencing business over to the LoopUp platform has progressed positively and the Group expects a successful overall transition to be completed by Summer 2019.
- The Group has maintained its track record of 'negative net churn' – i.e. net growth – in its long-term established customer base, driven by continued strong end user engagement with differentiated capabilities of the LoopUp product.
- The unit economics of our seven UK and US team-based 'pods' for new business acquisition have remained highly efficient during FY2018, returning £0.73 of Year 1 gross margin for every pound invested (FY2017: £0.75).

- The Group entered the Australian market in March 2018 and has won 55 new customers to date in the region.
- The Group operated at a total of approximately 7.5 quota-effective pods during the year (7 in the UK/US and 0.5 in Australia), below the expected level of 11. This was partly due to necessary pipeline build in Australia and partly due to the Group's decision not to migrate any MeetingZone sales staff over to LoopUp pods during the period. This resulted in constant currency organic LoopUp revenue growth of approximately 20% in the period (FY15-FY17 average: 32%).

Post Period Highlights

- The Group has closed a material contract renewal with leading global law firm, Clifford Chance for a minimum contract value of £2.34 million in aggregate over its 3-year term.
- To boost its number of pods for FY2019, the Group has successfully completed its inaugural 'Pod Academy' programme, bringing 14 career change recruits into more senior sales and account executive pod roles.
- Our Pod Academy graduates have been joined by 30 new Business Development Associates, recruited through the Group's established graduate recruitment program.
- In line with the above expanded Pods, in February 2019, the Group opened new offices in Chicago, Dallas, Los Angeles, Atlanta and Madrid, employing 32 people in aggregate.
- Following the success of Pod Academy, the Group now plans to invest an additional £2.0 million out of its increasingly cash-generative operations in the faster expansion of pods, bringing the total number of quota-effective pods back on track with prior expectations by the end of FY2019 and ahead of prior expectations from FY2020 onwards.

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

"We're delighted to announce strong results at the end of a busy, exciting and transformational year for the Group. MeetingZone is now bedded in organisationally, with greater cost savings delivered than envisaged at the time of acquisition and the transition to the LoopUp platform progressing positively.

Our core business metrics all remain strong: further improved end user engagement with the LoopUp product; continued net revenue growth in our long-term established customer base; and continued efficient return on investment metrics from our new business pods.

We're incredibly excited by the success and potential of our new Pod Academy programme. Pod Academy now provides a more dynamic lever to expand our established and consistently-efficient pods structure, and we're excited to announce additional investment into this programme to drive future growth.

We continue to see strong demand for the LoopUp product from our target market of mid-large enterprises and professional services firms. We've started 2019 with healthy pipelines and we're confident in our ability to deliver continued strong growth."

Market abuse regulation:

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

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About LoopUp Group plc

LoopUp (LSE AIM: LOOP) is a premium remote meetings solution. Streamlined and intuitive, LoopUp is built to give mainstream business professionals a better and more productive experience than basic dial-in conferencing, while delivering 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 Clifford Chance trust LoopUp with their remote meetings.

The Group is headquartered in London, with offices in San Francisco, New York, Boston, Chicago, Dallas, Los Angeles, Atlanta, Denver, Cardiff, Milton Keynes, Madrid, Berlin, Malmo, Hong Kong, Sydney and Barbados, and is listed on the AIM market of the London Stock Exchange (LOOP). For further information, please visit: www.loopup.com.

Chief Executive Officers' Business Review

We are pleased to report on a period of transformational growth for the Group during financial year 2018, with revenue growing by 96% and adjusted operating profit[2] by 521%. This strong performance has been driven by both the acquisition of MeetingZone and continued robust organic growth of the LoopUp product, delivered by our efficient new business acquisition pods.

The Group has also strengthened its senior management team during the period with several key hires: Robert Jardine as Chief Marketing Officer; Ben Fried as VP of Group Commercial; Dave Carroll as VP of Network Operations; Paul Tunstall as Senior Director of Account Management; Sarah Cranston as Head of Customer Support; and Angel Junio as Director of HR.

Acquisition of MeetingZone

On 4 June 2018, the Group completed the acquisition of MeetingZone for £61.4 million, funded by a £50 million equity placing and a new £17 million term loan. Following a detailed strategic review of the MeetingZone business during the summer, LoopUp and MeetingZone are now fully integrated into a unified organisational structure for new business acquisition, customer success and operations. This reorganisation has resulted in annualised cost synergies in excess of the £3 million announced at the time of acquisition.

The Group's strategic rationale for the acquisition was to transition MeetingZone's audio conferencing business over to the LoopUp platform, and by so doing, amplify the established 'network effect' in the LoopUp product that accounts for approximately 30% of the Group's new business origination. The transition project continues to progress well, and the Group expects a successful transition to be completed by Summer 2019.

Continued strong organic growth metrics

The Group has continued to see strong organic demand for the LoopUp product from its target market of mid-large enterprises and professional services firms. Landmark accounts won during the period included a publicly-quoted UK telecommunications company, a leading pet products retailer, multiple major international law firms including Australia's largest law firm; a US-headquartered medical non-profit organization operating in 43 countries; and a leading global brokerage company with joint headquarters in London and New York.

As announced on 18 January 2019, the Group closed a material contract renewal with leading global law firm, Clifford Chance. The minimum total contract value of £2.34 million in aggregate over the 3-year term is for the provision of conference calls across Clifford Chance's global operations, spanning 32 major financial centres in the Americas, Asia Pacific, Europe, the Middle East and Africa.

The Group's strong organic growth has continued to be driven by our compelling retention and new business metrics.

The Group maintained its track record of low gross revenue churn at 5.5% (FY2017: 5%; FY2016: 5% and FY2015: 6%) and 'negative net churn' – i.e. net growth of 1% (FY2017: 2%[1]) – in its long-term established customer base, driven by continued strong end user engagement with differentiated capabilities of the LoopUp product. All newly-provisioned users during FY2018 joined 79%[2] of their meetings via the LoopUp join link – and so used the LoopUp software – rather than via traditional dial-in.

Our seven UK and US pods delivered on average approximately £471,000 of new annual recurring revenue (FY2017: £472,000) – or approximately £368,000 of new annual recurring gross margin (FY2017: £362,000) – at an average fully-loaded cost of approximately £508,000 (FY2017: £483,000). This equates to a Year 1 gross margin return of £0.73 for every pound invested (FY2017: £0.75).

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[1] At FY2018 constant currency

[2] 2016 cohort: 77%; 2017 cohort: 71%; 2018 cohort: 79%: 2016-18 cohort: 76%

As announced on 28 March 2018, the Group entered the Australian market with two Pods, formed by a mix of senior team members exported from the UK and US and junior team members recruited locally. Notwithstanding their need to build pipelines from a standing start, our Australian team has already closed 55 accounts and their performance has ramped from zero in the first half to approximately 50% of UK/US pod levels in the second half. They are now working under fully-ramped quota levels during FY2019.

Additional investment in growth via 'Pod Academy'

The Group met its top line growth expectations despite only running at an average of 7.5 quota-effective pods during the year (7 in the UK/US and 0.5 in Australia), versus our plans of 11. This was partly due to necessary pipeline build in Australia and partly due to the Group's decision not to migrate any MeetingZone sales staff over to LoopUp pods during the period, although some such migration will start to occur in the German and Swedish markets from April 2019. This resulted in constant currency organic LoopUp revenue growth of approximately 20% in the period (FY15-FY17 average: 32%).

The Group's strategy to address this shortfall in the number of pods going into 2019 has been to conduct a major 'career change' recruitment and training programme called 'Pod Academy'. The Group's first 'Pod Academy' programme ran from November 2018 to January 2019 inclusive, involving 20 recruits with experience from outside of sales. Following three months of intensive training, 14 graduated Pod Academy in January 2019 as sales and account executives, the more senior roles within Pods. They have been joined by 30 new Business Development Associates, recruited through the Group's established graduate recruitment programme, resulting in new Pods forming in Chicago, Dallas, Los Angeles, Atlanta and Madrid in February 2019, employing 32 people in aggregate.

The success of the Pod Academy program now provides a proven and more dynamic lever to accelerate the expansion of our established and consistently-efficient pods distribution structure. As such, we are excited to announce additional investment of £2.0 million into this programme during FY2019 out of our increasingly cash-generative operations to accelerate future growth. Looking forward, therefore, the Group now expects to have the following number of quota-productive Pods on average during the period:

- H1 2019: approximately 10
- H2 2019: approximately 16
- H1 2020: approximately 21
- H2 2020: approximately 27
- H1 2021: approximately 31
- H2 2021: approximately 35

Continued product development and innovation

We continue to invest in developing the LoopUp product. During 2018, we worked on scaling various aspects of the LoopUp platform and network operations in preparation to accommodate the extra scale required by the MeetingZone platform transition project. We also introduced language support into the product, making the LoopUp software available to users in German, French, Spanish, Swedish and both traditional and simplified Chinese. A considerable amount of work has also been done on new product innovation projects that the Group plans to announce during 2019.

Positive Outlook

We continue to see strong demand for the LoopUp product, and our compelling product differentiation combined with our efficient new business unit economics, make for an exciting outlook. Pipelines are healthy and we remain confident in our ability to deliver further strong growth.

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

Chief Financial Officer's Review

2018 was a transformative year for LoopUp, with the acquisition of MeetingZone significantly increasing the scale and profitability of the business.

The acquisition was completed in June 2018 for a total consideration of £61.4m. Since the acquisition, the Group has made significant progress with both integrating MeetingZone into the LoopUp business, and in releasing significant cost synergies principally through reorganization of the MeetingZone management structure.

Operating results

Group revenues increased by 96% year-on-year to £34.2m, including seven months of revenue from MeetingZone.

The Group has continued to benefit from improvements to its gross margin due to the benefits of scale impacting the cost of bought-in telephony. Overall gross margin on the Group's core conferencing revenue grew from 76.7% in FY2017 to 78.2% in FY2018. Certain other revenue streams acquired as part of the MeetingZone acquisition operate at a lower margin, meaning that overall gross margin was 70% for the year (2017: 76.7%).

Adjusted EBITDA[3] grew from £3.5m in FY2017 to £7.7m in FY2018.

The Group's spend on development costs rose from £3.8m in FY2017 to £4.3m in FY2018. The resulting amortisation charge is lower at £2.6m (FY2017: £2.1m) due to the timing of completion of individual development projects. There were no issues with impairment of development projects during 2018.

The acquisition of MeetingZone has resulted in two one-off charges to the income statement in FY2018. Firstly, the Group incurred £3.8m of legal and professional fees in relation the acquisition and fundraise - of these costs, £1.0m have been charged to the income statement as non-recurring transaction costs in relation to acquisition expenses. Of the remainder, £2.5m relating to the £50m equity placing have been set against share premium and £0.3m relating to the new debt facility have been charged to finance costs (of which £0.2m are spread over the life of the debt facility). Secondly, £1.2m of exceptional reorganisation costs have been incurred, in relation to the restructuring of MeetingZone.

Of the intangible assets created from the acquisition, £31m has been classified as goodwill, with £33m considered to relate to specific identifiable assets (customer relationships and brands). The latter will be amortised over an estimated 15-year life, resulting in a charge to the income statement of £1.3m in FY2018.

The Group continues to receive a tax benefit from its product development activity, and we expect to submit a claim for approximately £1.0m of tax cash credit for FY2018, in addition to the £0.9m successfully claimed for FY2017.

Assets and cash flows

The Group generated operating cash flows of £5.3m (FY2017: £4.0m) and net cashflow before financing for the year was £0.6m (FY2017: (£0.1m)). These numbers are after non-recurring transaction costs and exceptional reorganization costs of £2.2m. The Group ended the year with cash of £5.6m and net debt of £10.6m.

To finance the acquisition of MeetingZone, the Group issued 12,500,000 new shares at an issue price of £4.00 per share. The Group also arranged a £17m term loan through Bank of Ireland at an interest rate of LIBOR plus 2.5%, repayable over five years (with a 50% bullet payment). Separately, the Group

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[3] Earnings before interest, taxation, depreciation and amortisation, adjusted to exclude non-recurring transaction costs, exceptional reorganisation costs and share-based payment charges

has access to a £3m revolving credit facility from the same lender, which was undrawn at the end of 2018. The Group has significant headroom against the covenants attached to these facilities.

The Group has over £13m of accumulated tax losses available for relief against future taxable profits. The Directors have decided not to recognise a deferred tax asset on these losses at this time, as the significant investment being made in product development is still generating tax losses in the UK. This policy will be reviewed during 2019.

Simon Healey
CFO

Unaudited Consolidated Statement of Comprehensive income

For the year ended 31 December 2018

	Note	**2018** **£000**	2017 £000
Revenue		**34,213**	17,465
Cost of sales		**(10,314)**	(4,076)
Gross profit	2	**23,899**	13,389
Adjusted operating expenses(i)		**(16,246)**	(9,926)
Adjusted EBITDA(ii)		**7,653**	3,463
Depreciation		**(546)**	(291)
Amortisation of development costs		**(2,558)**	(2,140)
Impairment of development costs		**-**	(300)
Adjusted operating profit (iii)		**4,549**	732
Non-recurring transaction costs		**(994)**	-
Exceptional reorganisation costs		**(1,223)**	-
Amortisation of acquired intangibles		**(1,289)**	-
Share-based payment charges		**(191)**	-
Operating profit		**852**	732
Finance costs		**(467)**	(3)
Profit before income tax		**385**	729
Income tax		**858**	1,260
Profit for the year		**1,243**	1,989
Currency translation gain / (loss)		**48**	(175)
Total comprehensive income for the year attributable to the equity holders of the parent		**1,291**	1,814
Earnings per share (pence):	3		
Basic		2.5	4.8
Diluted		2.4	4.4

(i) Total administrative expenses excluding depreciation, amortisation and impairment of development costs and acquired intangibles, non-recurring transaction costs, exceptional reorganisation costs and share-based payments charges.

(ii) Adjusted EBITDA is operating profit stated before depreciation, amortisation and impairment of development costs and acquired intangibles, non-recurring transaction costs, exceptional reorganisation costs and share-based payments charges.

(iii) Before amortisation of other intangible assets, non-recurring transaction costs, exceptional reorganisation costs and share-based payments charges.

Unaudited Consolidated Statement of Financial Position

As at 31 December 2018

	2018 £000	2017 £000
Assets:		
Property, plant and equipment	**2,168**	466
Development costs	**7,880**	6,142
Other intangible assets	**31,866**	-
Goodwill	**30,950**	-
Total non-current assets	**72,864**	6,608
Trade and other receivables	**9,326**	3,348
Cash and cash equivalents	**5,581**	2,902
Current tax	**1,153**	904
Total current assets	**16,060**	7,154
Total assets	**88,924**	13,762
Liabilities:		
Trade and other payables	**(4,486)**	(2,118)
Accruals and deferred income	**(2,709)**	(1,189)
Borrowings	**(1,700)**	-
Total current liabilities	**(8,895)**	(3,307)
Net current assets	**7,165**	3,847
Non-current liabilities:		
Borrowings	**(14,450)**	-
Deferred tax liability	**(5,709)**	-
Total non-current liabilities	**(20,159)**	-
Total liabilities	**(29,054)**	(3,307)
Net assets	**59,870**	10,455
Equity		
Share capital	**276**	210
Share premium	**60,504**	12,637
Other reserve	**12,691**	12,691
Foreign currency translation reserve	**(1,935)**	(1,983)
Retained loss	**(11,666)**	(13,100)
Shareholders' funds attributable to equity owners of parent	**59,870**	10,455

Unaudited Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

	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 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
As at 1 January 2018	210	12,637	12,691	(1,983)	(13,100)	10,455
Profit for the year	-	-	-	-	1,243	1,243
Other comprehensive income	-	-	-	48	-	48
Equity share-based payment compensation	-	-	-	-	191	191
Total comprehensive profit for the year	-	-	-	48	1,434	1,482
Transactions with owners of parent in their capacity as owners:						
Share issues	66	47,867	-	-	-	47,933
As at 31 December 2018	**276**	**60,504**	**12,691**	**(1,935)**	**(11,666)**	**59,870**

Unaudited Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	2018 £000	2017 £000
Net cash flows from operating activities		
Profit before income tax	**385**	729
Non-cash adjustments		
Depreciation and amortisation	**4,393**	2,430
Impairment of intangible fixed assets	**-**	300
Share-based payments charges	**191**	-
Interest payable	**467**	-
Working capital adjustments		
Increase in trade and other receivables	**(651)**	(547)
Increase / (decrease) in trade and other payables	**(359)**	183
Tax received	**836**	858
Net cash generated by operations	**5,262**	3,953
Cash flows from investing activities		
Purchase of property, plant and equipment	**(373)**	(331)
Addition of intangible assets	**(4,296)**	(3,760)
Payment for acquisition of subsidiary, net of cash acquired	**(61,579)**	-
Net cash used by investing activities	**(66,248)**	(4,091)
Cash flows from financing activities		
Proceeds of borrowings	**17,000**	-
Proceeds from share issue net of issue costs	**47,933**	935
Repayment of loans	**(850)**	(306)
Interest and finance fees paid	**(467)**	-
Net cash generated from financing activities	**63,616**	629
Net increase in cash and equivalents	**2,630**	491
Cash and cash equivalents brought forward	**2,902**	2,547
Effect of foreign exchange rate changes	**48**	(136)
Cash and cash equivalents carried forward	**5,580**	2,902

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 unaudited summary financial information set out in this announcement does not constitute the Group's consolidated statutory accounts for the years ended 31 December 2018 or 31 December 2017. The results for the year ended 31 December 2018 are unaudited. The statutory accounts for the year ended 31 December 2018 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.

In the past year the Group has applied a number of amendments to IFRS's issued by the IASB. The adoption has not had a material impact on the disclosures or the amounts reported in the Group's consolidated statutory accounts. The following amendments were applied:

- IFRS 9: Financial Instruments -classification and measurement
- IFRS 15: Revenue from contracts with customers

The statutory accounts for the Group for the year ended 31 December 2017 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 2018 was approved by the Board for release on 20 March 2019.

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). The main segment is LoopUp Group meetings services, which represents revenue generated from providing customers access to the LoopUp conferencing platform as well as the acquired MeetingZone conferencing platform. Other collaboration services consist of revenues from the resale and augmentation of third party conferencing platforms, along with related hardware and consultancy sales.

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

The Group's largest customer represented less than 5% of total revenue in both years.

No segmental balance sheet was presented to the CODM.

	2018	2017
	£000	£000
Analysis of revenue by segment:		
LoopUp Group meetings services	**27,916**	17,465
Third party and other services	**6,297**	-
	34,213	17,465
Analysis of gross profit before tax by segment:		
LoopUp Group meetings services	**21,845**	13,389
Third party and other services	**2,054**	-
	23,899	13,389
Geographical analysis of total revenue:		
UK	**18,004**	6,957
Other EU	**4,243**	1,267
North America	**11,622**	8,968
Rest of World	**344**	273
	34,213	17,465
Geographical analysis of audio conferencing revenue		
UK	**13,455**	6,957
Other EU	**3,555**	1,267
North America	**10,562**	8,968
Rest of World	**344**	273
	27,916	17,465
Geographical analysis of other collaboration services revenue:		
UK	**4,113**	-
Other EU	**970**	-
North America	**1,214**	-
Rest of World	**-**	-
	6,297	-
Geographical analysis of non-current assets:		
UK	**72,482**	6,209
Other EU	**10**	-
North America	**243**	354
Rest of World	**29**	45
	72,764	6,608

3. 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.

	2018	2017
Profit attributable to equity holders (£000)	**1,242**	1,989
Adjusted profit attributable to equity holders (£000) [(i)]	**4,939**	1,989
Weighted average no. of ordinary shares in issue (‘000)	**49,563**	41,208
Basic adjusted earnings per share (pence) [(i)]	**10.0**	4.8
Basic earnings per share (pence)	**2.5**	4.8

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.

	2018 ‘000	2017 ‘000
Weighted average number of ordinary shares in issue	**49,563**	41,208
Adjustment for share options	**3,583**	3,669
Weighted average number of potential ordinary shares in issue	**53,146**	44,907
Diluted adjusted earnings per share (pence) [(i)]	**9.3**	4.4
Diluted earnings per share (pence)	**2.4**	4.4

(i) Basic adjusted and diluted adjusted earnings per share are calculated using profit attributable to shareholders, adjusted for non-recurring transaction costs, exceptional reorganisation costs, amortisation of acquired intangibles and share-based payment charges.

4. Dividends

The Directors do not recommend the payment of a dividend (2017: £nil).

5. Acquisitions and financing

On 4 June 2018, the Group acquired the entire issued share capital of Warwick Holdco Limited, the holding company of the MeetingZone group. The acquisition from GMT Communication Partners was on a debt-free and cash-free basis for a total consideration of £61.4 million paid in cash. To fund the acquisition, the group issued 12,500,000 new Ordinary Shares at a placing price of £4.00 each and secured a new £17.0 million term loan from the Bank of Ireland.

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	Fair Value £000
Intangible assets consisting of:	
- Customer relationships	31,178
- Brand and trademarks	1,977
Net assets acquired consisting of :	
- Property, plant and equipment	1,875
- Trade and other receivables	5,325
- Trade and other payables	(4,091)
- Deferred tax liability	(5,636)
Net identifiable assets acquired	30,628
Add: goodwill on acquisition	30,950
Net assets acquired	61,578

In addition, £3,004,000 of cash was acquired.

The goodwill is attributable to the workforce acquired and the value projected to be generated through future new business and the expected benefits from integrating MeetingZone into the LoopUp group.

The customer relationship and brand and trademark assets are being amortised over 15 years, resulting in a charge to the income statement of £1,289,000 (2017: £nil) in the year.

The Group incurred legal and professional fees of £3.8m in relation to the acquisition. £2.5m of these costs were set against share premium, £1.0m were included in administrative expenses and £0.1m related to finance costs. In addition, £0.2m of arrangement fees for the term loan are being expensed over the five year life of the facility.

In the year ended 31 December 2017 the trade of Warwick Holdco Limited and its subsidiaries generated revenues of £22.5m and Adjusted EBITDA of £5.0m. The business generated revenues of £13.8m and EBITDA (before exceptional reorganisation costs) of £3.5m in the period from acquisition to 31 December 2018 – these amounts are included in the consolidated results of the Group.

Total revenue associated with MeetingZone for the year to 31 December 2018 was £23.7m, with EBITDA (before exceptional costs) of £5.5m.

If the acquisition had occurred on 1 January 2018, the Group revenue for the year to 31 December 2018 would have been £44.2m, and Adjusted EBITDA (as defined in the consolidated statement of comprehensive income) would have been £9.7m.