LOOPUP GROUP PLC

(“LoopUp Group” or the “Group”)

Preliminary results for the year ended 31 December 2019

LoopUp Group plc (AIM: LOOP), the premium remote meetings company, today announces its unaudited preliminary results for the year ended 31 December 2019.

Financial Highlights

£ million	FY2019 (unaudited)	FY2018 (audited)	Year-on-year growth
Revenue	**42.5**	**34.2**	**24%**
Gross profit	**28.2**	**23.9**	**18%**
Adjusted EBITDA (1)	**6.4**	**7.7**	**(16%)**
Adjusted operating profit (2)	**1.2**	**4.5**	**(74%)**
Operating profit / (loss)	**(2.1)**	**0.9**	
Adjusted diluted EPS (pence) (2)	**2.2**	**9.3**	
Cash at 31 December	**3.0**	**5.6**	
Net debt at 31 December	**11.4**	**10.6**	

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

Operating Highlights

- Results in line with market expectations for FY2019, ending year with solid cash position
- Group FY2019 revenue of £42.5 million (FY2018: £34.2 million)
  - Core LoopUp product (“LoopUp”): £21.2 million (FY2018: £20.6 million)
  - Event by LoopUp: £2.2 million (FY2018: £1.4 million)
  - MeetingZone Audio: £8.3 million (FY2018: £6.0 million)
  - Enablit: £2.8 million (FY2018: £1.6 million)
  - Cisco resale: £8.1 million (FY2018: £4.7 million)
- Continued strong demand for LoopUp product, with numerous landmark accounts won during FY2019
  - World’s largest private dispute resolution provider
  - Regional operations of a global top-6 accounting firm
  - Six of the world’s top-200 law firms
- LoopUp continues to gain market share in its core Professional Services[1] market
  - Active users grew 24% from 33,356 in FY2018 to 41,209 in FY2019 (overall growth of 10% from 55,995 to 61,580)
  - Meeting minutes grew 19% from 199 million in FY2018 to 237 million in FY2019 (overall growth of 1% from 385 million to 388 million)
  - Revenue grew 12% from £12.1 million in FY2018[2] to £13.6 million in FY2019 (overall decline of 1% from £21.4 million to £21.2 million)

[1] Law, investment banking and corporate finance; private equity and venture capital, asset and fund management, consulting, accounting, insurance, marketing and advertising, PR and media, recruiting, and property

[2] At FY2019 constant currency

- Key LoopUp unit economics metrics[3] also outperform in Professional Services
  - Gross Revenue Churn[4] of 5.6% (FY2018: 6.2%), compared with 9.0% overall (FY2018: 7.4%; SaaS benchmark[5]: 12.7%)
  - Net Revenue Retention[6] of 106.7% (FY2018: 110.3%), compared with 95.5% overall (FY2018: 101.8%; SaaS benchmark: 102.7%)
  - New Customer CAC Ratio[7] – the cost to acquire £1 of new ARR – of £0.96, compared with £1.38 overall (FY2018: £1.08; SaaS benchmark: £1.34)
- During FY2019, there was a behavioural 8.8% year-on-year decline in minutes per active LoopUp user (and a similar effect in the MeetingZone Audio base). From extensive customer discussions, we believe that macro conditions were the clear primary driver in Professional Services, with a more even mix of both macro conditions and competition as the drivers in other sectors
- Transition of MeetingZone Audio customers over to the LoopUp platform completed in Q4 2019 in all geographies except Sweden
- Continued investment and innovation to enhance the LoopUp value proposition including:
  - Introduction of video
  - Software extended into German, French, Spanish, Swedish and Chinese
- Launched 'Event by LoopUp' for operator-assisted events, and 'Enablit' for value-added voice add-on services to Microsoft Teams and Skype for Business

Post Period Highlights

- Material increase in volumes across our global LoopUp and Event by LoopUp platforms during March, driven by the large-scale migration towards home-working associated with the Covid-19 outbreak
  - Closely monitoring this fluid and fast-moving situation
  - Working hard to help our employees, customers and users stay connected and safe
  - At this stage, it's too early to predict how usage levels will develop in the short term and settle once the outbreak subsides
  - Focused on ensuring global platform capacity remains comfortably above demand level
  - Amplified inbound approaches from companies that are struggling with VoIP-based conferencing solutions, but currently unclear how many will switch to LoopUp
- Reallocated approximately £1 million of commercial costs towards an intended similar increase in investment in product development to accelerate our roadmap for the professional services market. Therefore, as previously indicated, we guide towards:
  - 12 sales pods in FY2020
  - Product development spend of approximately £6 million in FY2020

Outlook

- We are confident in our ability to achieve continued strong growth in our core professional services target market, driven by our differentiated competitive strategy and product positioning
- We are also confident at this point in our ability to meet market expectations for FY2020
- There are many dimensions of uncertainty at this early stage of the year that could impact full year FY2020 results and we will keep the market updated accordingly

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[3] Please note: in this financial year, we have evolved our key unit economics metrics to align closer with SaaS norms. All evolved metrics are provided for FY2017 and FY2018 also to provide comparability with previous metrics

[4] Gross Revenue Churn measures the full-year revenue in year X-1 that is deemed lost from accounts that fall to less than 5% of historic levels in year X, divided by the revenue in year X-1

[5] KBCM Technology Group (formerly Pacific Crest Securities) survey of 424 SaaS companies, conducted in July 2019 for 2018 data

[6] Net Revenue Retention measures month-on-month revenue changes in accounts that are more than 4 months old, compounded to form an annualised number

[7] New Customer CAC Ratio measures the fully-loaded sales and marketing cost to acquire £1 of new customer ARR

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

"It has been an important year in the evolution of our business. The progression of key business metrics has led us to sharpen our focus on serving and further strengthening our position within the Professional Services market. We have taken decisive action by reallocating cost in a way that will allow us to accelerate our product roadmap for the Professional Services market while retaining a strong and focused commercial team.

"Despite short-term challenges to the business in 2019, the landscape has changed dramatically with the recent migration towards large-scale working from home. We are working intently to support our customers and helping to keep them connected during this uncharted period, as well as ensuring that our platform capacity remains comfortably ahead of very fluid demand.

"We continue to monitor the situation closely and are well positioned to make a difference to the business community we serve, responding to both the immediate challenges presented by Covid-19, as well as our longer term objectives to provide a product experience that encourages more effective remote communications and responsible corporate travel."

For further information, please contact:

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About LoopUp Group plc

LoopUp (LSE AIM: LOOP) is a premium remote meetings solution. LoopUp helps technology leaders to unlock the true potential of remote meetings in their organisations by combining simple, progressive software with best-in-class audio reliability. Over 2,000 organisations worldwide trust LoopUp's award-wining SaaS solution with their remote meetings, including 20 of the world's top-100 law firms, 24 of the world's top-100 private equity firms, and enterprises such as Travelex, Kia Motors, Planet Hollywood and National Geographic. 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.

Notes:

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

Chief Executive Officers' Business Review

This review of the business:

- Puts a spotlight on the underlying strategic direction of the business
- Discusses some of the more immediate-term factors impacting the business

Increasing strategic focus on Professional Services segments

FY2019 throws a spotlight on the Professional Services market for remote meetings, where LoopUp's competitive value proposition is strongest, and where the business is increasingly focusing its commercial and product development resources.

Professional Services sectors represent approximately $2 billion of the $7 billion global market[8], including law, investment banking and corporate finance; private equity and venture capital, asset and fund management, consulting, accounting, insurance, marketing and advertising, PR and media, recruiting, and property.

Organic LoopUp growth in Professional Services – in terms of active users, minutes and revenue – has materially outpaced organic growth in the business as a whole during FY2019, as our differentiation becomes more apparent in that segment and as larger competitors continue to focus on the broader market.

	LoopUp Active Users[9] ('000)			LoopUp Minutes (millions)			LoopUp Revenue[10] (£ million)		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Professional Services	25.6	33.4	41.2	156	199	237	9.1	12.1	13.6
Other	21.2	22.5	20.4	180	186	154	8.7	9.2	7.6
Total	46.8	55.9	61.6	336	385	391	17.8	21.4	21.2

Active users grew by 24% in Professional Services versus 10% overall; minutes grew by 19% in Professional Services versus 1% overall; and revenue grew by 12% in professional services versus a 1% decline overall.

The Professional Services market has distinctly different needs and priorities from the remote meetings market as a whole. The main factor is the prevalence and importance of ***external guests*** on their meetings, often the most important participants on the call. Conference calls and remote meetings have become the lifeblood of critical day-to-day client and adviser-to-adviser communications.

A best-in-class product for the Professional Services market, therefore, looks quite different to a leading product for the broader enterprise market, where internal team calls are far more dominant:

- VoIP audio is less reliable for external guests over the public internet than for internal guests over well-managed corporate networks. Reliable audio quality is paramount for most Professional Services firms and so LoopUp chooses not to permit it. By contrast, VoIP audio makes eminent sense for products targeting the market as a whole.
- Software downloads/installs can be problematic for external guests due to security permissions, whereas IT teams can pre-install the software for internal users. Given the importance of the external guest experience for Professional Services firms, LoopUp chooses to avoid any install as part of the core guest experience. By contrast, nearly all products targeting the market as a whole understandably choose differently.
- External guests will often be unfamiliar with the product versus internal users who use it every day. LoopUp therefore chooses to keep its product feature-lite and incredibly simple for the Professional Services market. By contrast, nearly all products targeting the market as a whole choose differently as they seek to accommodate quite varied departmental use cases.

[8] Source: Wainhouse Research data and discussions
[9] A user who has used the LoopUp product as host over the prior 3-month period
[10] At FY2019 constant currency

In summary, LoopUp is optimising its value proposition and product experience for the distinct needs of the $2 billion Professional Service market, rather than competing head-to-head with its considerably larger competitors for the market as a whole.

Key LoopUp unit economics metrics

We have evolved our key LoopUp unit economics metrics to align closer with SaaS norms and industry standards, and given the change, we provide three years of backward-looking data where possible.

1) Gross Revenue Churn – measuring the lost revenue impact of customers that move away from LoopUp to another provider
2) Net Revenue Retention – measuring all revenue changes, both positive and negative, in accounts that are more than 4 months' old
3) New Customer CAC Ratio – measuring the fully-loaded sales and marketing cost to acquire £1 of new customer ARR

	Gross Revenue Churn (%)[11]			Net Revenue Retention (%)[12]			New Customer CAC Ratio (£)		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Professional Services	6.8	6.2	5.6	112	107	103	N/A	N/A	0.96
Other	11.5	8.6	14.4	101	96	74	N/A	N/A	2.43
Total	8.3	7.4	9.0	107	103	93	1.02	1.08	1.38
SaaS Benchmark[13]		12.7			103			1.34	

This data further emphasises our stronger performance in the Professional Services market, where all three metrics compare favourably with SaaS benchmarks, notwithstanding the macro headwinds that the business faced in FY2019.

More immediate-term factors impacting the business

During FY2019, there was a behavioural 8.8% year-on-year decline in minutes per active LoopUp user, driven by a mix of macro conditions and competition. From extensive discussions with our Professional Services customer base, we believe that macro conditions were indeed the primary driver, where the effects were broadly in line with changes in primary financial activity such as M&A transactions and IPOs. From discussions with our customer base in other sectors, we believe the impact was more a mix of macro and competitive effects. These findings are in line with the metrics above. Please also note that there was a similar effect in the MeetingZone Audio base.

The MeetingZone transition project, while fundamentally successful operationally, led to certain intermittent service issues during November and early December 2019. While all issues have been fully resolved since the end of last year, we were concerned that these issues might lead to unexpected churn in H1 2020, and we did indeed see a little more churn than normal in January and February 2020.

However, both of the above effects are now being overshadowed by the material increase in volumes across our global platform during March 2020, driven by the move towards home-working associated with the Covid-19 outbreak. This is a fluid and fast-moving situation, which we are monitoring closely. At this early stage, it is too early to predict how usage levels will develop in the short term, how long this large-scale working from home will continue for, and indeed where it will settle once the outbreak subsides. We are also experiencing amplified inbound approaches from companies that are struggling with VoIP-based conferencing solutions, although it is currently unclear how many will switch to LoopUp. We are very focused on supporting our customers during this challenging period and ensuring that our platform capacity remains comfortably above demand levels.

[11] Gross Revenue Churn measures the full-year revenue in year X-1 that is deemed lost from accounts that fall to less than 5% of historic levels in year X, divided by the revenue in year X-1

[12] Net Revenue Retention measures month-on-month revenue changes in accounts that are more than 4 months old, compounded to form an annualised number

[13] KBCM Technology Group (formerly Pacific Crest Securities) survey of 424 SaaS companies, conducted in July 2019 for 2018 data

Other business units

In Q2 2019, we relaunched ‘Event by LoopUp’, which emphasises the role played by its account managers and highly skilled event call operators in order to differentiate its service offering in the market. The business generated £2.2 million of revenue in FY2019 (FY2018: £1.4 million), and having now expanded operations to the US market, we expect to see further growth during FY2020.

In Q4 2019, we essentially completed the transition of MeetingZone Audio conferencing customers over to the LoopUp platform in MeetingZone’s main UK, US and German geographies, leaving just Sweden to follow during FY2020. MeetingZone Audio revenue was £8.3 million in FY2019 (FY2018: £6.0 million), including both transitioned and untransitioned customers.

In Q2 2019, we rebranded MeetingZone’s former Microsoft practice to ‘Enablit’. While not in the world of remote meetings specifically, Enablit’s platform integrates with Microsoft Teams (and Skype for Business) implementations to provide customers with competitively-priced and reliably-operated telecommunications termination. The business achieved revenue of £2.8 million in FY2019 (FY2018: £1.6 million) and we anticipate further growth in FY2020.

Our Cisco (WebEx) resale business achieved revenue of £8.1 million in FY2019 (FY2018: £4.7 million). During FY2020, our core focus in this business unit will shift somewhat to driving greater product adoption and upsell opportunities in this customer baser, as well as continuing to seek new business opportunities.

Steve Flavell
co-CEO

Michael Hughes
co-CEO

Chief Financial Officer's Review

The Group's results for FY2019 include a full year of activity from the acquired MeetingZone business, compared to only seven months in FY2018.

Operating results

Group revenues increased by 24% year on year to £42.5 million. Revenue from Group meetings services (excluding our WebEx resale business and 'Enablit' add-on services for Microsoft Skype for Business and Teams) grew 13% to £31.6 million.

The Group's blended gross margin reduced from 69.9% in FY2018 to 66.4% in FY2019, as a result of having the full year of non-core revenues that operate at a lower gross margins. Core LoopUp margins increased from 78% to 79% as a result of our continuing efforts to reduce costs of supply as our volumes increase. We expect to see further improvements in this margin during FY2020.

The Group's overhead base increased by 34% over the prior year. This was due to a combination of a full year of MeetingZone overheads, and the impact of the investments in sales and operational staff made during FY2018 and early FY2019. Average headcount increased by 40% to 269 full time employees.

Group EBITDA (before exceptional non-recurring items) was £6.4 million in FY2019 compared to £7.6 million in FY2018.

In order to reinforce the LoopUp's focus on the Professional Services market, the Group has increased its product development spend from £4.3 million in FY2018 to £5.0 million in FY2019. The resulting amortisation charge is lower at £3.8 million (FY2018: £2.6 million) due to the timing of completion of individual development projects. There were no issues with impairment of development projects in either year. The intended extra investment in product development announced earlier this year would result in spend rising towards approximately £6.0 million in FY2020.

The implementation of the new leasing standard, IFRS 16 has resulted in an increased depreciation charge of £0.8 million – costs which would have previously been included in administrative expenses.

The Group has recognised a further exceptional charge of £0.5 million in FY2019, of which £0.3 million relates to the cost reallocation project announced earlier this year, and £0.2 million relates to a MeetingZone lease that is now surplus to requirements and hence considered onerous.

A full year of amortisation of the intangible assets acquired with MeetingZone in FY2019 has been included, resulting in a £2.2 million charge (FY2018: £1.3 million). The Directors have reviewed the valuation of these assets, particularly given the Group's current share price, and are confident that no impairment charge is required.

The Group continues to receive a tax benefit from its product development activities, and we expect to submit a claim for approximately £1.4 million of tax cash credit for FY2019, in addition to the £1.1m successfully claimed for FY2018. This is partly offset on the income statement by taxes incurred overseas, of which £0.4 million relates to prior year tax liabilities.

Assets and cash flows

The implementation of IFRS 16 has resulted in a grossing up of the group balance sheet of £3.2 million of which £2.3 million is non-current.

The Group's operating cash flow (after capital expenditure and product development spend) was a positive £0.1 million for FY2019 (FY2018: £0.6 million). After debt and interest repayments, the Group's cash balance fell by £2.6 million to end FY2019 at £3.0 million.

Management has conducted detailed scenario modelling and we are comfortable with respect to both the Group's near-term cash requirements and our ability to operate well within lending covenants, even in a downside scenario. We also note the availability of our £3 million revolver facility should it be required.

The Group has over £13 million 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 will be reviewed again in FY2020.

Simon Healey
CFO

Unaudited Consolidated Statement of Comprehensive income

For the year ended 31 December 2019

	Note	**2019 £000**	2018 £000
Revenue		**42,541**	34,213
Cost of sales		**(14,304)**	(10,314)
Gross profit	2	**28,237**	23,899
Adjusted administrative expenses(i)		**(21,825)**	(16.246)
Adjusted EBITDA(ii)		**6,412**	7,653
Depreciation		**(1,475)**	(546)
Amortisation of development costs		**(3,777)**	(2,558)
Adjusted operating profit (iii)		**1,160**	4,549
Non-recurring transaction costs		**-**	(994)
Exceptional reorganisation costs		**(509)**	(1,223)
Amortisation of acquired intangibles		**(2,210)**	(1,289)
Share-based payments charges		**(588)**	(191)
Operating profit / (loss)		**(2,147)**	852
Finance costs		**(647)**	(467)
Profit / (loss) before income tax		**(2,794)**	385
Income tax		**789**	857
Profit / (loss) for the year		**(2,005)**	1,242
Currency translation gain / (loss)		**(397)**	48
Total comprehensive income / (loss) for the year attributable to the equity holders of the parent		**(2,402)**	1,290
Earnings / (loss) per share (pence):	3		
Basic		**(3.6)**	2.5
Diluted		**(3.3)**	2.4

(i) Total administrative expenses excluding depreciation, amortisation 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 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 2019

	2019 £000	2018 £000
Assets:		
Property, plant and equipment	**2,737**	2,168
Right of use assets	**3,228**	-
Development costs	**9,104**	7,880
Goodwill and other intangibles	**60,604**	62,816
Total non-current assets	**75,673**	72,864
Trade and other receivables	**9,321**	9,326
Cash and cash equivalents	**3,000**	5,581
Current tax	**1,631**	1,153
Total current assets	**13,952**	16,060
Total assets	**89,625**	88,924
Liabilities:		
Trade and other payables	**(5,409)**	(4,487)
Accruals and deferred income	**(2,686)**	(2,709)
Lease liabilities	**(862)**	-
Borrowings	**(1,700)**	(1,700)
Total current liabilities	**(10,657)**	(8,896)
Net current assets	**3,295**	7,164
Non-current liabilities:		
Borrowings	**(12,750)**	(14,450)
Lease liabilities	**(2,366)**	-
Deferred tax liability	**(5,713)**	(5,709)
Total non-current liabilities	**(20,829)**	(20,159)
Total liabilities	**(31,486)**	(29,055)
Net assets	**58,139**	59,869
Equity		
Share capital	**276**	276
Share premium	**60,588**	60,504
Other reserve	**12,691**	12,691
Foreign currency translation reserve	**(2,332)**	(1,935)
Retained loss	**(13,084)**	(11,667)
Shareholders' funds attributable to equity owners of parent	**58,139**	59,869

Unaudited Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

	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 2018	210	12,637	12,691	(1,983)	(13,100)	10,455
Profit for the year	-	-	-	-	1,242	1,242
Other comprehensive income	-	-	-	48	-	48
Total comprehensive profit / (loss) for the year	-	-	-	48	1,242	1,290
Transactions with owners of parent in their capacity as owners:						
Equity share-based payment compensation	-	-	-	-	191	191
Share issues	66	47,867	-	-	-	47,933
As at 31 December 2018	276	60,504	12,691	(1,935)	(11,667)	59,869
As at 1 January 2019	276	60,504	12,691	(1,935)	(11,667)	59,869
Loss for the year	-	-	-	-	(2,005)	(2,005)
Other comprehensive income	-	-	-	(397)	-	(397)
Total comprehensive profit for the year	-	-	-	(397)	(2,005)	(2,402)
Transactions with owners of parent in their capacity as owners:						
Equity share-based payment compensation	-	-	-	-	588	588
Share issues	-	84	-	-	-	84
As at 31 December 2019	**276**	**60,588**	**12,691**	**(2,332)**	**(13,084)**	**58,139**

Unaudited Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 £000	2018 £000
Net cash flows from operating activities		
Profit / (loss) before income tax	**(2,794)**	385
Non-cash adjustments		
Depreciation and amortisation	**7,464**	4,393
Impairment of intangible fixed assets	**-**	-
Share-based payments charges	**588**	191
Interest payable	**647**	467
Working capital adjustments		
(Increase) / decrease in trade and other receivables	**80**	(651)
Increase / (decrease) in trade and other payables	**737**	(359)
Tax received	**401**	836
Net cash generated by operations	**7,123**	5,262
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,043)**	(354)
Addition of intangible assets	**(5,001)**	(4,296)
Payment for acquisition of subsidiary, net of cash acquired	**-**	(61,579)
Net cash used in investing activities	**(7,044)**	(66,229)
Cash flows from financing activities		
Proceeds of borrowings	**-**	17,000
Proceeds from share issue net of issue costs	**84**	47,933
Repayment of loans	**(1,700)**	(850)
Interest and finance fees paid	**(647)**	(467)
Net cash generated from financing activities	**(2,263)**	63,616
Net increase in cash and equivalents	**(2,184)**	2,649
Cash and cash equivalents brought forward	**5,581**	2,902
Effect of foreign exchange rate changes	**(397)**	30
Cash and cash equivalents carried forward	**3,000**	5,581

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 The Tea Building, 56 Shoreditch High Street, London E1 6JJ.

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 2019 or 31 December 2018. The results for the year ended 31 December 2019 are unaudited. The statutory accounts for the year ended 31 December 2019 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 2018 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 2019 was approved by the Board for release on 19 March 2020.

Impact of IFRS 16: Leases

The new leasing standard came into effect on 1 January 2019. The main impact of the standard is to capitalise the Group's office leases as "right-of-use assets" within Property, Plant and Equipment on the Statement of Financial Position, with corresponding liabilities representing the commitment to fulfil those lease obligations. The assets are then depreciated over the life of the lease and a notional interest charge is made against the liability.

The standard allows for different transition options and the Group has adopted the Modified Retrospective: Asset equals liability approach, resulting in the Group adopting the standard from 1 January 2019 with no adjustment to reserves or comparative numbers. On adoption, the Group's assets increased by £3.2m with liabilities increasing by the same value. The group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value. Payments made under such leases are expensed on a straight-line basis.

For the year to 31 December 2019 reported EBITDA has increased by £0.86m as a result of rental costs no longer being charged to overhead expenses. Additional depreciation costs of £0.80m and a finance charge of £0.06m have been incurred.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	£000
Total operating lease commitments disclosed at 31 December 2018	2,560
Less: leases with remaining lease terms less than 12 months	(61)
Less: exchange and other adjustments	**(100)**
Add: new leases entered into in the current period	2,082
Operating leases before discounting	4,481
Discounted using incremental borrowing rate	(458)
Depreciation in the period	(795)
Total lease liability recognised under IFRS 16 at 31 December 2019	**3,228**

Of which £862,000 are current liabilities and £2,336,000 are non-current liabilities.

2. Revenue and segmental reporting

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 revenue, which represents revenue generated from providing customers access to the LoopUp conferencing platform as well as the acquired MeetingZone conferencing platform. Third party and other services consist of revenues from the resale and usage of externally designed web 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 all periods.

No segmental balance sheet was presented to the CODM.

The Group's revenue disaggregated by primary geographical markets is as follows:

£'000	LoopUp Group meetings services	Third party and other services	Total
For the 12 months to 31 December 2019:			
UK	16,233	6,311	22,544
Other EU	4,046	1,728	5,774
North America	10,800	2,853	13,653
Rest of world	570	-	570
	31,649	10,892	42,541
For the 12 months to 31 December 2018:			
UK	13,455	4,113	17,568
Other EU	3,555	970	4,525
North America	10,562	1,214	11,776
Rest of world	344	-	344
	27,916	6,297	34,213

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

£'000	LoopUp Group meetings services	Third party and other services	Total
For the 12 months to 31 December 2019:			
Services transferred at a point in time	31,649	1,225	32,874
Services transferred over time	-	9,667	9,667
	31,649	10,892	42,541
For the 12 months to 31 December 2018:			
Services transferred at a point in time	27,916	920	28,836
Services transferred over time	-	5,377	5,377
	27,916	6,297	34,213

The Group's gross profit disaggregated by segment is as follows:

£'000	12 months to 31 December 2019	12 months to 31 December 2018
LoopUp Group meetings services	25,016	21,845
Third party and other services	3,221	2,054
	28,237	23,899

The Group's non-current assets disaggregated by primary geographical markets are as follows:

£'000	12 months to 31 December 2019	12 months to 31 December 2018
UK	74,648	72,566
Other EU	62	10
North America	1,410	259
Rest of world	11	29
	76,131	72,864

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.

	12 months to 31 December 2019	12 months to 31 December 2018
Profit / (loss) attributable to equity holders (£000)	(2,005)	1,242
Adjusted profit attributable to equity holders (£000) [(1)]	1,302	4,939
Weighted average number of ordinary shares in issue (000)	55,208	49,563
Basic earnings per share (pence):		
- **Basic adjusted [(1)]**	**2.4**	**10.0**
- **Basic**	**(3.6)**	**2.5**

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

	12 months to 31 December 2019	12 months to 31 December 2018
Weighted average number of ordinary shares in issue ('000)	55,208	49,563
Adjustments for share options ('000)	5,058	3,583
Weighted average number of potential ordinary shares in issue ('000)	60,266	53,146
Diluted earnings per share (pence):		
- **Diluted adjusted [(1)]**	**2.2**	**9.3**
- **Diluted**	**(3.3)**	**2.4**

(1) Calculated using profit attributed to equity holders 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 (2018: £nil).