

23 September 2020



LOOPUP GROUP PLC
("LoopUp Group" or the "Group")

Interim results for the period ended 30 June 2020

Resilient performance delivering strong revenue growth, profitability and cash generation

LoopUp Group plc (AIM: LOOP), the premium cloud communications provider, is pleased to announce its unaudited interim results for the period ended 30 June 2020.

The results demonstrate six months of strong financial performance, with significant revenue growth, margin expansion and high cash flow conversion. This performance has been driven primarily by the large-scale migration towards working from home due to Covid-19. The Group enters the second half of the year with major new customer wins set to roll out, a healthy new business pipeline, and a strong balance sheet. This will enable investment in sustainable growth of our recently augmented product offering, which now also enables our customers to make and receive external calls via Microsoft Teams and provides LoopUp with a significantly expanded addressable market opportunity.

Financial highlights:

- Revenue growth of 43% to £31.9 million at a gross margin of 71.4%
- EBITDA growth of 247% to £12.2 million at an EBITDA margin of 38.2%
- Adjusted operating profit growth of 664% to £9.2 million
- EPS growth of 1,164% to 13.9 pence
- Strong cash position as at 30 June 2020 improved to £8.3 million
- Materially-reduced net debt to £5.3 million

| £ million | Six months to 30 June 2020 (unaudited) | Six months to 30 June 2019 (unaudited) | Year-on-year growth |
|---|--|--|------------------------|
| Revenue | 31.9 | 22.4 | 43% |
| Revenue from Core LoopUp Products ¹ | 27.9 | 18.1 | 54% |
| Gross profit | 22.8 | 15.0 | 52% |
| Gross profit from Core LoopUp Products ¹ | 21.7 | 13.9 | 56% |
| Gross margin | 71.4% | 66.9% | +4.5 PPS |
| Gross margin from Core LoopUp Products ¹ | 77.8% | 76.9% | +0.9 PPS |
| Adjusted EBITDA ² | 12.2 | 3.5 | 247% |
| Adjusted EBITDA margin ² | 38.2% | 15.7% | +22.5 PPS |
| Adjusted operating profit ³ | 9.2 | 1.2 | 664% |
| Operating profit / (loss) | 7.8 | (0.2) | |
| Cash | 8.3 | 3.8 | |
| Net debt | 5.3 | 11.5 | |
| Adjusted diluted EPS (pence) ³ | 13.9p | 1.1p | 1,164% |

1. Includes LoopUp (now comprising both remote meetings and cloud telephony) and Event by LoopUp, and excludes Cisco resale

2. Earnings before interest, tax, depreciation and amortisation, excluding share-based payments charges

3. Adjusted to exclude amortisation of acquired intangibles and share-based payment charges

Operating highlights:

- Material increase in demand for Core LoopUp Products, especially in the Group's primary Professional Services ("PS")⁴ target market where:

⁴ Law, investment banking and corporate finance; private equity and venture capital, asset and fund management, consulting, accounting, marketing and advertising, PR, recruiting, and property

- PS volume grew 90% to 335 million minutes (58% overall to 617 million minutes)
- Net Revenue Retention⁵ – measuring overall impact of churn, growth and shrinkage in established accounts – improved to 132% for PS customers (114% overall)
- PS revenue grew 81% to approximately £16.1 million (54% overall to £27.9 million)
- 'Event by LoopUp' volume grew 88% to 3,596 events
- Sales momentum acceleration driven by Covid-19 for strongest ever new business performance
 - Continued success growing market share in PS, with numerous landmark customers won across legal, corporate finance, investment banking and consulting sectors
 - New Customer CAC Ratio – the fully-loaded cost to acquire £1 of new ARR – of £0.40, comparing favourably with 2020 SaaS benchmark⁶ of £1.60
 - New pods now active in the French and German markets
- Enhanced forward revenue visibility following material migration to committed term contracts (subscriptions and minimum spend) from rolling monthly pay-as-you-go. As at end H1 2020:
 - 30% of LoopUp business came from committed term contracts (13% at the start of the year)
 - Average committed term duration: 24 months
- Broad platform scaling to contend with materially higher work-from-home load, successfully resulting in zero core platform downtime year-to-date
- LoopUp Meetings video capabilities augmented to facilitate 20 concurrent cameras

Post period highlights:

- Announced major extension to LoopUp flagship product to include global cloud telephony via 'Direct Routing' integration with Microsoft Teams
 - A five-fold increase in our addressable market by 2024 to more than \$10 billion⁷
 - Rapidly developing pipeline – 219 live opportunities have potential Total Contract Value of approximately £50 million
 - Recruitment of 10 industry-recognised pre-sales consultants and project managers
- Major new contract win with one of the world's top-5 law firms and two top-100 law firms
- Expanded distribution partnership with C&W Communications in the Caribbean and Latin America to FY2022
- Launch of promotional LoopUp Meetings 'freemium' plan to drive lead generation
- Continued migration momentum towards committed term contracts
- R&D tax credit for £1.3 million received in August 2020
 - Cash balance at 31 August 2020: £10.6 million
 - Net Debt at 31 August 2020: £3.0 million

Outlook and guidance:

- Overall macro conditions continue to be marked by a high degree of instability relating to the societal and economic effects of the Covid-19 pandemic.
- This instability makes it difficult to provide more specific guidance on near-term market expectations beyond our July trading update, other than noting recent forex changes and continued momentum towards committed term contracts.
- Into 2021 and beyond, the increasing prevalence of Microsoft Teams for internal collaboration, landscape-changing analyst projections for the extension of Teams into 'Direct Routing' cloud telephony, and initial market reaction to our differentiated implementation of Direct Routing, all combine to make us very optimistic about the future prospects of our flagship LoopUp product.

⁵ Net Revenue Retention measures the year-on-year percentage revenue change in all accounts that were at least 4 months old one-year prior, averaged over the trailing 12-month period

⁶ KBCM Technology Group (formerly Pacific Crest Securities) SaaS survey

⁷ Source: Wainhouse Research

- The Group is confident in its ability to drive attractive, sustainable and profitable growth, and intends to invest from its cash balance to maximise shareholder value creation.

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

“It has been a strong and incredibly busy first half for our business as Covid-19 has accelerated changes in working habits. We’re proud to be helping our customers with their business-critical communications in these challenging times, by providing simple, reliable and secure products that are diligently operated and supported. We would like to thank our team for their tremendous and ongoing efforts.”

With change comes opportunity, and we’re embracing this opportunity with our recent product expansion into global cloud telephony integration for Microsoft Teams. Early market reactions to our differentiated implementation have been highly encouraging, and we’re confident in our ability to generate strong, profitable growth in this vibrant market that is set to grow from \$3.5 billion to \$10.4 billion over the next four years. We have a balance sheet that enables us to invest for growth and we’re excited and focussed.”

Market abuse regulation:

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

LoopUp Group plc
Steve Flavell, co-CEO

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About LoopUp Group plc:

LoopUp (LSE AIM: LOOP) is a premium cloud communications solution for business-critical external communications. The solution combines premium remote meetings with inbound and outbound cloud voice services via Direct Routing integration with Microsoft Teams. Our customers benefit from a global fully-managed service, and an emphasis on security, reliability and simplicity, delivered with deep domain expertise and caring customer support. We’re proud to be trusted provider to over 5,000 organisations worldwide, including more than 20 of both the world’s top-100 law firms and top-100 private equity firms, as well as 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, 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

Strong, profitable and cash-generative growth

We are delighted to announce strong trading for the first half of FY2020, with business performance accelerated by a material increase in demand for our premium remote meetings products – both LoopUp and 'Event by LoopUp' – in response to the widespread migration towards working from home associated with the Covid-19 pandemic. This strong first half performance owes much to the hard work of our people, who have adapted brilliantly to this new working environment and we would like to thank them for their ongoing efforts.

We are incredibly proud to be helping our customers stay securely and reliably connected on their business-critical client communications during these difficult times. We have added capacity across our global platform and are pleased to report zero primary outages during the period, in our determination to ensure reliable service for our customers.

The Group has delivered strong, profitable growth and enhanced cash generation during the period. Revenue grew by 43% to £31.9 million at an improved gross margin of 71.4%, and EBITDA grew by 247% at a materially improved margin of 38.2%. Adjusted operating profit increased 664% to £9.2 million, and earnings per share⁸ increased 1,164% to 13.9 pence. We have strengthened our balance sheet, finishing the period with a healthy cash balance of £8.3 million and materially-reduced net debt of £5.3 million.

Once again, performance was superior in our core Professional Services (PS) target market, where minute volumes grew by 90% and revenue grew by 81%. Similarly, our key Net Revenue Retention KPI, which measures the overall impact of churn, growth and shrinkage in established accounts, was also stronger in PS verticals at 132%, versus 114% across all verticals.

We have worked collaboratively with our customers on pricing and have seen a positive migration towards committed term contracts – a mix of subscription contracts and minimum spend contracts. Over 30% of LoopUp business now comes from such committed term contracts by the end of the period versus 13% at the start. While these contracts clearly come at a cost of reduced effective pricing, we benefit from the forward-looking revenue visibility given the average initial term duration of approximately 24-months.

Strongest ever new business performance

Great communications have always been at the heart of successful organisations and now more so than ever. Covid-19 has accelerated the need for our services and we are delighted to report our strongest ever period of new business wins, with continued success at growing our market share within our core PS target market. Our New Customer CAC Ratio – the fully-loaded cost to acquire £1 of new ARR – improved markedly to £0.40 (FY2019: £1.38), comparing highly favourably with the 2020 year-to-date SaaS benchmark of £1.60. There was a particularly strong influx of new customers in March and April, often after having experienced reliability and security issues with their incumbent provider.

Post period end, landmark customer wins have continued into the second half, with the Group closing a significant new contract with one of the world's top-5 law firms. Following a successful pilot with 300 users, LoopUp Meetings will now be rolled out globally with the potential to become one of the Group's largest accounts. This contract follows two other top-100 global law firm wins secured during July and August.

We have expanded our existing partnership with C&W Communications in a new contract through to the end of FY2022. A white-labelled version of LoopUp Meetings will now be included in C&W's core Unified Communications and Collaboration portfolio of products, with expanded distribution across 16 Caribbean and Latin America country markets.

To drive forward and promote lead generation, the Group has also launched two new online plans for LoopUp Meetings. These new offerings, aimed at individual users within target market professional

⁸ Adjusted to exclude amortisation of acquired intangibles and share-based payment charges, and calculated on a diluted shares basis

services firms, enable prospect LoopUp customers to experience the product as guests of existing customers and try out the product for hosting their own online meetings.

Strategic product expansion in cloud telephony

In late July, we announced a major extension of our flagship product, LoopUp, by adding global cloud telephony services via 'Direct Routing' integration with Microsoft Teams, to complement our existing best-in-class remote meetings capability. This enables users to make and receive outbound and inbound phone calls directly from their Teams user interface on any device, irrespective of geographic location, and with differentiated audio quality, reliability and security.

'Direct Routing' refers to the interconnection between Microsoft Teams cloud PBX ('Phone System') and a third-party voice provider's network. In LoopUp's case, this interconnection is implemented 'cloud-to-cloud' to LoopUp's secure, enterprise grade, multi-tenancy global platform, avoiding the need for equipment at the customer premises. The solution replaces incumbent voice providers, potentially on a global basis, and is presented as a fully-managed service, with premium 24/7 global support, global telephone number management, and extensive Microsoft Teams and Voice expertise.

Customer benefits include: global service provision from a single, trusted provider; differentiated voice quality, reliability and security on all business-critical, external communications; and a smooth, compliant managed transition process from disparate legacy systems. Our remote meetings proposition is also enhanced due to cost savings achieved by internal call legs now being on-network for the customer, as well as our Microsoft Teams add-on application with schedule and join LoopUp meetings.

The extended LoopUp solution is priced on a monthly user subscription basis, which includes bundled domestic calls, meetings access, screen sharing and video. Additional per-minute surcharges apply for international meetings access and voice calls.

A \$10 billion addressable market by 2024

Covid-19 has precipitated a paradigm shift in remote working and intensified the spotlight on best-in-class solutions that drive business continuity and productive collaboration.

Adjacent to LoopUp's focus on business-critical external client communications, Microsoft Teams has grown incredibly strongly in the market for channelised chat and internal collaboration. Daily active Teams users increased by 70% to 75 million in just a seven-week period during lockdown.

As yet, relatively few larger enterprises have extended Teams into business telephony. However, Gartner projects that 90% of larger enterprises that use Teams will adopt Direct Routing telephony by 2022, a landscape-changing shift from just 10% in 2019.

Wainhouse Research sizes the 2019 cloud telephony market at \$13.7 billion, and projects growth to \$25.8 billion by 2024. The addressable segment of particular relevance to LoopUp is cloud telephony integrated with 'Teams' UC platforms. This is forecast to grow from \$1.5 billion in 2019 to \$7.6 billion in 2024, a 38% CAGR. When combined with our existing professional services remote meetings market (approximately \$2 billion in 2019 and \$2.8 billion in 2024), this leads to a total addressable market of \$3.5 billion in 2019 and \$10.4 billion in 2024.

Business priorities

The Group is focused on the following priorities:

- ***Growing pipeline for the expanded LoopUp product***

We are investing in lead generation and running hard to build pipeline for our newly-expanded LoopUp product, and we have had a very encouraging start. In addition to the existing pipeline for LoopUp Meetings, we have generated 251 qualified opportunities, of which 219 remain live at various stages of the sales cycle and with potential Total Contract Value in excess of £50 million.

- ***Augmenting our operations for broader international service provision***

A core theme to our differentiated value proposition – particularly in the Direct Routing market – is its international availability as a premium fully-managed service. As such, we are

interconnecting with additional tier-1 carrier partners (beyond our existing 13), as well as adding numerous virtual Direct Routing points of presence in Azure as satellites to our six primary global data centres.

- ***Continuing to innovate in our core remote meetings capabilities***

We are continuing to innovate to make sure our remote meetings capabilities remain best-in-class for professional services external client communications. In the first half, we added resilient scale to a broad array of platform components to contend with the material increases in demand, and we also extended our video capabilities to support 20 concurrent cameras in response to customer demand. We expect to launch additional significant feature upgrades during H2 2020.

Chairman, Lady Barbara Judge CBE

We are deeply saddened by the loss of our Chairman, Lady Barbara Judge, who died from pancreatic cancer earlier this month. On behalf of the Board and everyone at LoopUp, we extend our thoughts and sympathies to Barbara's family. The Group benefitted hugely from her stewardship, her wealth of experience and the calm guidance she brought to us, and she is sadly missed by all of us.

Mike Reynolds, Non-Executive Director and previously Chairman of the Group prior to our 2016 IPO, has assumed the role of acting Non-Executive Chairman while the Board gives due consideration to appointing a new Chairman. An update on succession planning will be made as appropriate in due course.

Outlook

Our ability to provide more specific guidance than already presented in our July trading update is hampered by the high degree of instability around overall macro conditions, business climate and working practices. We do note, however, that the dollar has weakened against the pound since the end of the first half, and we continue to see momentum in customer migrations to committed term contracts, which while clearly beneficial in terms of revenue visibility and retention, also naturally lead to effective pricing reductions.

Looking further ahead, we are very confident in our ability to drive attractive, sustainable and profitable growth, and we intend to invest from our strengthened balance sheet to maximise shareholder value creation. The market opportunity for 'Direct Routing' cloud telephony for Microsoft Teams is clear, and the speed and success of early pipeline build since late July launch makes us very optimistic about our differentiated implementation and future prospects for the Group.

Steve Flavell
co-CEO

Michael Hughes
co-CEO

Unaudited consolidated statement of comprehensive income for the six months to 30 June 2020

| £'000 | Six months to 30 June 2020 | Six months to 30 June 2019 | Year to 31 December 2019 |
|--|-------------------------------|-------------------------------|--------------------------------|
| Revenue | 31,897 | 22,350 | 42,541 |
| Cost of sales | (9,133) | (7,393) | (14,304) |
| Gross profit | 22,764 | 14,957 | 28,237 |
| Adjusted operating expenses ⁽¹⁾ | (10,587) | (11,445) | (21,825) |
| Adjusted EBITDA ⁽²⁾ | 12,177 | 3,512 | 6,412 |
| Depreciation | (828) | (571) | (1,475) |
| Amortisation of development costs | (2,164) | (1,738) | (3,777) |
| Adjusted operating profit ⁽³⁾ | 9,185 | 1,203 | 1,160 |
| Exceptional reorganisation costs | - | - | (509) |
| Amortisation of acquired intangibles | (1,105) | (1,105) | (2,210) |
| Share-based payment charges | (298) | (262) | (588) |
| Operating profit / (loss) | 7,782 | (164) | (2,147) |
| Finance costs | (299) | (314) | (647) |
| Profit / (loss) before income tax | 7,483 | (478) | (2,794) |
| Income tax | (490) | (252) | 789 |
| Profit / (loss) for the period | 6,993 | (730) | (2,005) |
| Other comprehensive income and loss | | | |
| Currency translation gain / (loss) | 70 | (148) | (397) |
| Total comprehensive income / (loss) for the period attributable to the equity holders of the parent | 7,063 | (878) | (2,402) |
| Earnings / (loss) per share (pence) – Note 4 | | | |
| - Basic adjusted ⁽⁴⁾ | 15.1 | 1.2 | 2.4 |
| - Basic | 12.7 | (1.3) | (3.6) |
| - Diluted adjusted ⁽⁴⁾ | 13.9 | 1.1 | 2.2 |
| - Diluted | 11.6 | (1.2) | (3.3) |

- Total administrative expenses excluding depreciation, amortisation of development costs and acquired intangibles, exceptional reorganisation costs and share-based payment charges.
- Adjusted EBITDA is operating profit stated before depreciation, amortisation of development costs and acquired intangibles, exceptional reorganisation costs and share-based payment charges.
- Adjusted operating profit is operating profit stated before amortisation of acquired intangibles, exceptional reorganisation costs and share-based payment charges.
- Basic adjusted and diluted adjusted earnings per share are calculated using profit before tax adjusted for exceptional reorganisation costs.

Unaudited consolidated statement of financial position at 30 June 2020

| £'000 | 30 June 2020 | 30 June 2019 | 31 December 2019 |
|--|-----------------|-----------------|---------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2,748 | 2,393 | 2,737 |
| Right of use assets | 2,785 | 1,879 | 3,228 |
| Intangible assets: | | | |
| - Development costs | 10,164 | 8,578 | 9,104 |
| - Other intangible assets | 28,544 | 30,761 | 29,656 |
| - Goodwill | 30,951 | 30,951 | 30,950 |
| Total non-current assets | 75,192 | 74,562 | 75,675 |
| Current assets | | | |
| Trade and other receivables | 15,239 | 9,584 | 9,321 |
| Cash and cash equivalents | 8,281 | 3,756 | 3,000 |
| Current tax | 1,486 | 1,212 | 1,631 |
| Total current assets | 25,006 | 14,552 | 13,952 |
| Total assets | 100,198 | 89,114 | 89,627 |
| Liabilities | | | |
| Trade and other payables | (7,671) | (4,619) | (5,415) |
| Accruals and deferred income | (4,897) | (2,268) | (2,686) |
| Lease liabilities | (862) | (523) | (862) |
| Borrowings | (1,700) | (1,700) | (1,700) |
| Total current liabilities | (15,130) | (9,110) | (10,663) |
| Net current assets | 9,876 | 5,442 | 3,289 |
| Non-current liabilities | | | |
| Borrowings | (11,900) | (13,600) | (12,750) |
| Lease liabilities | (1,923) | (1,356) | (2,366) |
| Deferred tax liability | (5,709) | (5,711) | (5,709) |
| Total non-current liabilities | (19,532) | (20,667) | (20,825) |
| Total liabilities | (34,662) | (29,777) | (31,488) |
| Net assets | 65,536 | 59,337 | 58,139 |
| Equity | | | |
| Share capital | 277 | 276 | 276 |
| Share premium | 60,623 | 60,588 | 60,588 |
| Other reserve | 12,691 | 12,691 | 12,691 |
| Foreign currency translation reserve | (2,262) | (2,083) | (2,332) |
| Retained loss | (5,793) | (12,135) | (13,084) |
| Shareholders' funds attributable to equity owners of parent | 65,536 | 59,337 | 58,139 |

Unaudited consolidated statement of changes in equity at 30 June 2020

| £'000 | Share capital | Share premium | Other reserve | Foreign currency translation reserve | Retained loss | Shareholders' funds / (deficit) attributable to equity owners of parent |
|--|---------------|---------------|---------------|--------------------------------------|-----------------|---|
| Balance at 1 January 2019 | 276 | 60,504 | 12,691 | (1,935) | (11,667) | 59,869 |
| Profit and total comprehensive income / (loss) | - | - | - | (148) | (730) | (878) |
| Equity share-based payment compensation | - | - | - | - | 262 | 262 |
| Proceeds from share issues | - | 84 | - | - | - | 84 |
| Balance at 30 June 2019 | 276 | 60,588 | 12,691 | (2,083) | (12,135) | 59,337 |
| Profit and total comprehensive income | - | - | - | (249) | (1,275) | (1,524) |
| Equity share-based payment compensation | - | - | - | - | 326 | 326 |
| Proceeds from share issues | - | - | - | - | - | - |
| Balance at 31 December 2019 | 276 | 60,588 | 12,691 | (2,332) | (13,084) | 58,139 |
| Profit and total comprehensive income / (loss) | - | - | - | 70 | 6,993 | 7,063 |
| Equity share-based payment compensation | - | - | - | - | 298 | 298 |
| Proceeds from share issue | 1 | 35 | - | - | - | 36 |
| Balance at 30 June 2020 | 277 | 60,623 | 12,691 | (2,262) | (5,793) | 65,536 |

Unaudited consolidated statement of cash flows for the six months to 30 June 2020

| £'000 | Six months to 30 June 2020 | Six months to 30 June 2019 | Year to 31 December 2019 |
|---|-------------------------------|-------------------------------|--------------------------------|
| Operating activities | | | |
| Profit / (loss) before tax | 7,483 | (478) | (2,794) |
| Non-cash adjustments: | | | |
| Depreciation and amortisation | 3,654 | 3,414 | 6,671 |
| Share based payment charge | 298 | 262 | 588 |
| Interest payable | 299 | 294 | 647 |
| Working capital adjustments: | | | |
| (Increase) / decrease in trade and other receivables | (5,841) | (142) | 80 |
| Increase / (decrease) in trade and other payables | 4,177 | (545) | 737 |
| Income tax paid | (124) | (428) | - |
| Income tax received | - | - | 401 |
| Cash generated from operations | 9,946 | 2,377 | 6,330 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | (397) | (558) | (1,257) |
| Development expenditure | (3,224) | (2,436) | (5,001) |
| Net cash used in investing activities | (3,621) | (2,994) | (6,258) |
| Cash flows from financing activities | | | |
| Proceeds from share issues | 35 | 84 | 84 |
| Repayment of loans | (850) | (850) | (1,700) |
| Interest and finance fees paid | (299) | (294) | (647) |
| Net cash generated by financing activities | (1,114) | (1,060) | (2,263) |
| Net increase / (decrease) in cash and cash equivalents | 5,211 | (1,677) | (2,191) |
| Cash and cash equivalents brought forward | 3,000 | 5,581 | 5,581 |
| Effect of foreign exchange rate changes | 70 | (148) | (390) |
| Cash and cash equivalents carried forward | 8,281 | 3,756 | 3,000 |

Notes to the financial information for the six months ended 30 June 2020

1. General information

LoopUp Group plc (AIM: "LOOP", "LoopUp Group", or the "Group") is a global provider of cloud communication software and services. It is a public limited 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.

2. Basis of preparation and significant accounting policies

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 2020). 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 2019 has been derived from the full Group accounts published in the Annual Report and Accounts 2019, 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 2019 statutory accounts, which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union ("EU"). The Group has changed its policy on segmental reporting as outlined in note 3 below.

These unaudited interim results have been prepared on a going concern basis. At the balance sheet date, the Group had net cash of £8.3m and net assets of £65.5m. The impacts of Covid-19 on the demand for LoopUp have resulted in significant improvements in profitability and cash generation in the period. The Group's cash position has increased to £10.6m at the end of August 2020, 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 2020 were approved by the Board on 22 September 2020. A copy of these interim results will be available on the Group's web site www.loopup.com from 23 September 2020.

The principal risks and uncertainties faced by the Group have not changed from those set out in the Annual Report and Accounts 2018.

There are no post balance sheet events to report.

3. 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). In July 2020 the Group announced a major extension to the LoopUp proposition to include global cloud voice services via direct routing integration with Microsoft Teams. This capability will be marketed to customers alongside the existing premium remote meetings solution as part of a combined, core, LoopUp proposition. This new combined segment has been termed Core LoopUp Products below. Existing revenue from the voice proposition, which was previously categorised as part of the 'third party and other services' segment, has been added to this segment in the comparative information below. The remaining revenue previously categorised as 'third party and other services' revenue has now been categorised as 'third party resale services'.

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

The Group's largest customer represented less than 3% of total revenue in all periods reported above.

No segmental balance sheet was presented to the CODM.

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

| £'000 | Core LoopUp Products | Third party resale services | Total |
|---|-------------------------|-----------------------------------|--------|
| For the six months to 30 June 2020: | | | |
| UK | 14,844 | 1,739 | 16,583 |
| Other EU | 3,900 | 836 | 4,736 |
| North America | 8,577 | 1,390 | 9,967 |
| Rest of world | 611 | - | 611 |
| | 27,932 | 3,965 | 31,897 |
| For the six months to 30 June 2019: | | | |
| UK | 9,965 | 1,963 | 11,928 |
| Other EU | 2,120 | 939 | 3,059 |
| North America | 5,771 | 1,336 | 7,107 |
| Rest of world | 256 | - | 256 |
| | 18,112 | 4,238 | 22,350 |
| For the 12 months to 31 December 2019: | | | |
| UK | 19,007 | 3,537 | 22,544 |
| Other EU | 4,046 | 1,728 | 5,774 |
| North America | 10,800 | 2,853 | 13,653 |
| Rest of world | 570 | - | 570 |
| | 34,423 | 8,118 | 42,541 |

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

| £'000 | Core LoopUp Products | Third party resale services | Total |
|---|-------------------------|-----------------------------------|--------|
| For the six months to 30 June 2020: | | | |
| Services transferred at a point in time | 26,761 | 409 | 27,170 |
| Services transferred over time | 1,171 | 3,556 | 4,727 |
| | 27,932 | 3,965 | 31,897 |
| For the six months to 30 June 2019: | | | |
| Services transferred at a point in time | 17,058 | 318 | 17,376 |
| Services transferred over time | 1,054 | 3,920 | 4,974 |
| | 18,112 | 4,238 | 22,350 |
| For the 12 months to 31 December 2019: | | | |
| Services transferred at a point in time | 32,269 | 554 | 32,823 |
| Services transferred over time | 2,154 | 7,564 | 9,718 |
| | 34,423 | 8,118 | 42,541 |

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

| £'000 | Six months to 30 June 2020 | Six months to 30 June 2019 | 12 months to 31 December 2019 |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------------|
| Core LoopUp Products | 21,726 | 13,931 | 26,449 |
| Third party resale services | 1,038 | 1,026 | 1,788 |
| | 22,764 | 14,957 | 28,237 |

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

| £'000 | Six months to 30 June 2020 | Six months to 30 June 2019 | 12 months to 31 December 2019 |
|---------------|-------------------------------|-------------------------------|----------------------------------|
| UK | 74,873 | 72,400 | 74,648 |
| Other EU | 3 | 9 | 62 |
| North America | 311 | 255 | 1,410 |
| Rest of world | 5 | 19 | 11 |
| | 75,192 | 72,683 | 76,131 |

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.

| | Six months to 30 June 2020 | Six months to 30 June 2019 | 12 months to 31 December 2019 |
|--|-------------------------------|-------------------------------|-------------------------------------|
| Profit / (loss) attributable to equity holders (£000) | 6,993 | (730) | (2,005) |
| Adjusted profit attributable to equity holders (£000) ⁽¹⁾ | 8,396 | 637 | 1,302 |
| Weighted average number of ordinary shares in issue ('000) | 55,265 | 55,170 | 55,208 |
| Basic earnings per share (pence): | | | |
| - Basic adjusted ⁽¹⁾ | 15.1 | 1.2 | 2.4 |
| - Basic | 12.7 | (1.3) | (3.6) |

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.

| | Six months to 30 June 2020 | Six months to 30 June 2019 | 12 months to 31 December 2019 |
|--|-------------------------------|-------------------------------|-------------------------------------|
| Weighted average number of ordinary shares in issue ('000) | 55,265 | 55,170 | 55,208 |
| Adjustments for share options ('000) | 4,961 | 4,737 | 5,058 |
| Weighted average number of potential ordinary shares in issue ('000) | 60,266 | 59,907 | 60,266 |
| Diluted earnings per share (pence): | | | |
| - Diluted adjusted ⁽¹⁾ | 13.9 | 1.1 | 2.2 |
| - Diluted | 11.6 | (1.2) | (3.3) |

(1) Calculated using profit attributed to equity holders adjusted for exceptional reorganisation costs, amortisation of acquired intangibles and share based payment charges.

5. Dividends

The directors did not recommend the payment of a dividend for the years ended 31 December 2019 or 2018.