30 March 2021

LOOPUP GROUP PLC

(“LoopUp Group” or the “Group”)

Preliminary results for the year ended 31 December 2020

Strong cash generation facilitating strategic transition to a broader technology platform

LoopUp Group plc (AIM: LOOP), the cloud platform for external communications, is pleased to announce its unaudited preliminary results for the year ended 31 December 2020.

Financial Highlights

£ million	FY2020 (unaudited)	FY2019 (audited)	Year-on-year growth
Revenue	50.2	42.5	18%
Gross profit	35.6	28.2	26%
Gross margin	70.9%	66.4%	+4.5 PPS
Revenue from LoopUp Platform Capabilities (1)	43.0	34.4	25%
Gross profit from LoopUp Platform Capabilities (1)	33.5	26.4	27%
Gross margin from LoopUp Platform Capabilities (1)	77.8%	76.8%	+1.0 PPS
Adjusted EBITDA (2)	15.3	6.4	239%
Adjusted EBITDA margin	30.5%	15.1%	+15.4 PPS
Adjusted operating profit (3)	9.0	1.2	780%
Operating profit / (loss)	6.3	(2.1)	
Cash	12.1	3.0	
Net Debt	0.7	11.5	
Adjusted diluted EPS (pence) (3)	15.4	2.0	770%

1. *LoopUp Platform Capabilities (LPC) include Meetings, Cloud Telephony and Event, but exclude Cisco WebEx Meetings resale*
2. *Earnings before interest, taxation, depreciation and amortisation, adjusted to exclude exceptional reorganisation costs and share-based payments charges*
3. *Adjusted to exclude exceptional reorganisation costs, amortisation of acquired intangibles and share-based payments charges*

Operating Highlights

- As announced in July 2020, the Group launched its internationally-differentiated Cloud Telephony capability, enabling customers to make and receive external phone calls via Microsoft Teams
- This marked the Group’s first material step to expand its strategic scope from remote meetings into a broader cloud platform for premium external and specialist communications
- LoopUp Platform Capabilities (“LPC”) are designed to complement and augment those in foundational Unified Communications (“UC”) platforms, such as Microsoft Teams, and currently include:
  - **Cloud Telephony**: primarily focused on relatively international and fully-managed implementations for larger sized enterprises
  - **Remote Meetings**: primarily focused on business-critical, external client meetings for Professional Services firms[1]

- **Managed Events and Webcasts:** primarily focused on a premium end-to-end experience for hosts and coordinators of important virtual corporate events

- Overall LPC trading was strong in FY2020:
  - LPC revenue: 25% growth to £43.0 million (FY2019: £34.4m)
  - LPC gross margin: 1.0 percentage-point improvement to 77.8% (FY2019: 76.8%)
  - LPC minutes: 41% growth to 1.00 billion (FY2019: 0.71 billion)
  - New Customer CAC Ratio (the fully-loaded cost to acquire £1 of new ARR): improvement to £0.84 (FY2019: £1.38; 2020 SaaS benchmark[2] of £1.63)
- As announced in our 27 November 2020 update, while trading spiked broadly at the onset of the pandemic, we subsequently experienced a gradual decline and a stark divergence in performance between core Professional Services ("PS") sectors and non-core, non-PS sectors
  - Gross retention of 86% in PS (in line with 2020 SaaS benchmark: 86%), compared with 67% in non-PS
  - A 1% increase in Q4 2020 average revenue per day versus pre-pandemic levels in PS, compared with a 31% reduction in non-PS
- The Group also encouraged a material migration from rolling monthly pay-as-you-go contracts to more cost-effective but locked-in committed term contracts. Such committed contracts accounted for 48% of LPC business by the end of the year compared with 13% at the start of the year
- Continued innovation and development of our Meetings capabilities for the PS market
  - Augmented video to facilitate 20 concurrent cameras
  - Launched 'LoopUp Rooms', which leverages off-the-shelf hardware to create high quality, plug-and-play video conferencing suites
  - Launched promotional 'freemium' plan to drive lead generation
- Closed the year with strong cash position of £12.1 million (FY2019: £3.0m) and reduced net debt of £0.7 million (FY2019: £11.5m)

Post Period Highlights

- Commercial traction of the Group's new Cloud Telephony capability has continued to gather pace since the start of 2021
  - New customer wins: 3 with minimum Total Contract Value ("TCV") of £620,000, plus notification of a further RFP win although not yet formally contracted
  - Proofs of Concept: 6 now live with customers (in addition to the above wins)
  - Live opportunities pipeline: further growth to potential TCV of £106 million[3] from a cold start in July 2020
  - Regulatory progress: ahead of target to be a fully-licensed telecommunications service provider in at least 60 country jurisdictions by the end of 2021
  - Indirect strategic distribution: a growing number of material discussions with major global Microsoft partners, who are seeking an internationally-differentiated implementation of Teams Cloud Telephony for their multinational customer bases
- Launched a webcasting enhancement to our Managed Events capability

Outlook

- FY2021 is set to be a transitional year for the Group as we migrate from a remote meetings business to a broader cloud platform for external and specialist communications

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

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

3 Conservatively assuming an average contract term of 2 years

- The Group is exploring a range of potential organic and inorganic platform capability enhancements to advance its strategy as a leading cloud platform for premium external and specialist communications
- While we expect competitive pressure persists in our pay-as-you-go, non-PS Meetings customer base, this now represents just 12% of total revenue
- We also note residual market uncertainties relating to the COVID-19 pandemic
- That said, we are nevertheless confident in our ability to meet market profitability expectations for the year, albeit at a potentially lower level of top line revenue

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

"The pandemic has shaken up the enterprise communications market, and with it, we're actively driving strategic change into our business. The pandemic has accelerated trends we were already seeing, and in order to capitalise on opportunities in a fast-moving market, we're transitioning from a single capability remote meetings business into a broader technology platform, combining a suite of external and specialist communications capabilities that complement foundational UC platforms, such as Microsoft Teams.

While remote meetings will no doubt continue to be a competitive market, particularly beyond our core Professional Services sweet spot, other communications segments are opening up and accelerating even faster. The cloud telephony market is forecast to become a $26 billion market by 2024, and we're incredibly excited and encouraged by the commercial traction we've generated in just seven months since bringing this differentiated capability onto our core global platform. While 2021 will inevitably be a transitional year as we commercialise a broader technology platform, we have a strong balance sheet and are confident in our ability to manage the transition and provide the platform for strong, profitable growth."

Market abuse regulation:

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

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About LoopUp Group plc

LoopUp (LSE AIM: LOOP) is a cloud communications platform for external and specialist communications. The platform combines internationally-differentiated cloud telephony, business-critical external remote meetings, and premium managed events and webcasts. 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 are proud to be trusted providers to over 5,000 organisations worldwide, including more than 20 of the world's top-100 law firms. The Group is headquartered in London, with offices in San Francisco, New York, Boston, Chicago, Denver, Milton Keynes, Madrid, Berlin, Malmo, Hong Kong, Barbados and Australia, and is listed on the AIM market of the London Stock Exchange (LOOP). For further information, please visit: www.loopup.com.

Chief Executive Officers' Business Review

Strong cash generation facilitating strategic transition to a broader technology platform

FY2020 was a strong trading year for the Group, albeit characterised by a material spike in business volumes at the onset of the COVID-19 pandemic. Group revenue increased 18% to £50.2 million (FY2019: £42.5 million), EBITDA increased 239% to £15.3 million (FY2019: £6.4 million), and diluted EPS increased 760% to 15.2 pence (FY2019: 2.0 pence). The Group ended the year with a materially stronger gross cash position of £12.1 million (FY2019: £3.0 million) and improved net debt position of £0.7 million (FY2019: £11.5 million).

The COVID-19 pandemic has had a material and almost certainly irreversible impact on the broader market for external communications. The spotlight is on a changing set of effective and secure communications tools that work equally well in offices, at home, on the road, and in hybrid settings.

In line with this fast-moving market backdrop, the Group has swiftly and proactively reassessed its own product and market strategy given the following considerations:

- While Meetings trading remains robust in our core Professional Services ("PS") target market, conditions have become increasingly more challenging and competitive in non-PS sectors, which now account for just 12% of total Group revenue;
- The market spotlight is squarely on the cloud telephony market, which facilitates greater remote and hybrid working flexible compared with legacy on premise systems. This $15.8 billion market is set to grow rapidly to $26 billion by 2024[1]. LoopUp's existing cloud telephony business, our deep expertise in Microsoft voice technology, and our differentiated voice architecture, create a competitively-advanced foundation to enter the market as a differentiated add-on capability to Microsoft Teams;
- The Group believes the enterprise communications market is set to migrate to a set of more specialist, use-case-specific communications tools, which complement foundational UC suite capabilities and integrate tighter with established business workflows and processes.

As such, the Group is very excited to have expanded its strategic scope from a single capability remote meetings business into a broader cloud platform for external and specialist communications.

Launch of Cloud Telephony as a core LoopUp Platform Capability ("LPC")

In July 2020, we launched our internationally-differentiated Cloud Telephony capability, marking the first material step in our expanded strategic scope. This capability essentially gives customers the ability to make and receive external phone calls via Microsoft Teams.

The Group has a strong heritage in Microsoft voice technology, inherited from its acquisition of MeetingZone in 2018. With expertise that stretches back to Microsoft OCS and Lync, their most recent implementation was a multi-tenanted cloud telephony offering for both Microsoft Skype for Business and Teams, with revenue of £2.7 million in FY2020. Our July 2020 launch marked the migration of this capability onto LoopUp's core global technology platform and our group-wide commercial focus to promote it as a primary LPC alongside Meetings and Managed Events.

Cloud telephony for Microsoft Teams brings compelling customer benefits:

- A unified calling experience for end users, rather than using Teams for internal calls and a separate legacy system for external calls;
- For home and hybrid working – and for travelling when it returns to business life – end users can use their Teams app on any internet-connected device to make and receive calls; essentially their work direct dial business number travels with them;
- Enterprise IT departments can eliminate the cost and complexity of disparate legacy PBXs (on premise telephony switches) and work to a consistent set of standards and processes, globally.

1 Source: Wainhouse Research, 2020

LoopUp's Cloud Telephony value proposition is particularly differentiated for relatively international, managed implementations in larger enterprises, who can achieve single global supply driven by our:

- Market-leading coverage as a fully-licensed and regulated telecommunications service provider, where phone number ranges are offered for compliant domestic service, including requirements such as emergency services access and domestic CLI (Caller Line Identification or caller ID) pass-through;
- Premium PSTN voice network, built for the particularly stringent demands of the professional services conference calling market. Our voice network amalgamates 16 carefully selected tier-1 carriers, with whom we interconnect at our six primary global data centres, all of which are interconnected over our resilient private global IP backbone. The quality of all carrier call routings are regularly and proactively assessed with objective 'PESQ scoring', and we leverage their relative strengths on a 'highest quality routing' basis. As an international organisation, why buy cloud telephony from a single carrier when, with LoopUp, you can leverage that carrier where it is strongest but 15 others in geographies where they are stronger;
- Delivery of the capability as a premium, fully-managed service, on an end-to-end basis from initial consultation, through proof-of-concept and detailed design, to international rollout project management and ongoing service delivery. Our deep Microsoft voice and 'modern workplace' expertise, responsive global account management and support, unified customer administration tools, and support of local deployments in difficult regulatory jurisdictions, all combine to facilitate a single global implementation to consistent configurations, processes and standards;
- Complementary capabilities – not just other LoopUp Meetings and Managed Events, but also third party integration for compliant recording and contact centre functionality;
- Unique pricing structure – the LoopUp PerfectBundle™ – which enables international organisations to optimise spend and eliminate wasted spend across their global billing entities.

Strong commercial momentum in Cloud Telephony

Commercial traction of our new Cloud Telephony capability has progressed at a rapid pace since July 2020, above and beyond the Group's pre-existing cloud telephony business (£2.7 million in FY2020).

Our pipeline of live opportunities has grown from a potential Total Contract Value ("TCV")[1] of £50 million at the time of our September 2020 interims statement, to £84 million at our November 2020 trading update, and now to approximately £106 million. This TCV assumes an average minimum contract term of two years, which we consider to be highly conservative given nearly all later stage discussions are for terms of at least three years. The pipeline currently comprises 454 live opportunities at an average of approximately £10,000 of monthly recurring subscription revenue potential.

In the later stages of this pipeline, we now have 6 live Proofs of Concept ("POC") with customers whose intent is to move ahead with LoopUp but first wish to test the capability in their own environment. A POC period is typically 1-3 months. The potential TCV of these live POCs is approximately £5 million.

Most notably of all, however, we have achieved three new Cloud Telephony contract wins since the start of FY2021. They comprise an architectural engineering company, a renewables energy company, and a marketing and communications company, and have a minimum TCV in excess of approximately £620,000. We have also received notification of a further RFP win although this is yet to be formally contracted.

The Group is also making swift progress in its strategic initiative to maximise its international regulatory compliance coverage, a key aspect of differentiation to our international enterprise target market. We are comfortably ahead of our stated target to be a fully-licensed telecommunications service provider in at least 60 country jurisdictions by the end of 2021.

Related to this international regulatory initiative, the Group is also party to a growing number of exciting discussions with potential indirect strategic distribution partners. Microsoft has many global distribution partners, and while very few aspects of Microsoft's portfolio are broadly regulated, cloud telephony is. In nearly all country jurisdictions, suppliers to the end customer market have to be licensed and regulated. Many major global Microsoft partners have end customers that are considering moving to Teams cloud telephony, but few are licensed telecommunications service providers, at least on the multinational level of their end customers. For this and other reasons – our voice network, expertise

1 Conservatively assuming an average contract term of 2 years

and managed service platform – LoopUp is very well positioned to add value as a specialist partner, which could become a highly scalable medium term growth path for the Group.

Stark segmental performance contrast in Meetings

In its entirety, FY2020 was a strong trading year for the Group. LPC revenue grew 25% to £43.0 million (FY2019: £34.4m), LPC gross margin improved by one percentage point to 77.8% (FY2019: 76.8%), and LPC business volumes grew 41% growth to 1.00 billion minutes (FY2019: 0.71 billion minutes). It was also a strong year for new business acquisition. Our New Customer CAC Ratio – the fully-loaded cost to acquire £1 of new ARR – improved to £0.84, from £1.38 in FY2019 and in comparison to the 2020 SaaS benchmark of £1.63[1].

However, as announced in our 27 November 2020 trading update, while trading spiked broadly at the onset of the pandemic, we subsequently experienced a gradual decline and a stark divergence in performance between our core Professional Services (“PS”) sectors and non-core, non-PS sectors:

- Gross revenue retention level was 86% in PS (in line with 2020 SaaS benchmark: 86%), but materially lower at 67% in non-PS;
- Q4 2020 average revenue per day increased by 1% versus pre-pandemic levels in PS, but reduced by 31% reduction in non-PS.

This performance gap highlights an acceleration of the trend that the Group has spoken to over the last several results cycles: that our Meetings capability is focused on business-critical, external meetings and therefore performs materially better in PS sectors, where the use case is dominated by client meetings, both in terms of their volume and importance. By contrast outside of PS, our Meetings capability is less differentiated and competition is more intense. We note, however, that while we expect trading to remain challenging for our Meetings capability outside of PS, that: (i) this performance gap only applies to our Meetings Capability (and not to Cloud Telephony or Managed Events); and (ii) that revenue from non-PS, pay-as-you-go Meetings customers now represent just 12% of total revenue.

Post spike trading has also been impacted by the material migration from rolling monthly pay-as-you-go contracts to committed term subscription and minimum spend contracts. Such committed contracts accounted for 48% of LPC business by the end of the year, compared with just 13% at the start of the year. While these committed term contracts naturally come with more cost-effective pricing for the customer, they benefit from a longer period of locked-in revenue certainty.

The Group also continued to innovate and develop its Meetings capability for its core PS target market, with development projects including:

- Augmenting video to facilitate 20 concurrent cameras;
- Release of ‘LoopUp Rooms’, which leverages off-the-shelf hardware to create high quality, plug-and-play video conferencing suites;
- Access to a promotional ‘freemium’ plan to enable end users and decision-makers to try the capability on demand.

Business priorities

Looking ahead into FY2021, the Group is focused on the following business priorities:

- ***Pipeline development and conversion in Cloud Telephony***

  Continuing the rapid growth of live opportunities; developing the weighting of live opportunities to more progressed stages in the sales cycle; generating an increasing rate of successful conversions into new customer wins; and reaching a state of material predictable revenue growth at attractive unit customer acquisition economics;
- ***Highly scalable strategic distribution partnerships***

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

Seeking to form strategic partnerships with major global Microsoft partners who sell other related Microsoft technology but are not licensed to sell cloud telephony, particularly on a multi-jurisdictional basis consistent with their enterprise customer bases;

- ***Clear segmental focus on external Remote Meetings***

  Instilling even greater focus into our Remote Meetings marketing and development roadmap as a targeted capability for business-critical, external meetings, in line with our starkly stronger performance in the Professional Services market;

- ***Continued innovation in new technology capabilities***

  Exploring a range of potential platform capability enhancements – both organic and inorganic – to advance our strategy as a leading cloud platform for premium external and specialist communications.

Outlook

Having expanded our strategic scope from a single capability remote meetings business into a broader cloud platform for external and specialist communications, FY2021 is inevitably set to be something of a transitional year for the Group. While we have formed a sizable and engaged pipeline of live commercial opportunities, it will naturally take some time to nurture and develop these opportunities through the pipeline sales cycles stages for what is, after all, a highly visible, business-critical and long-term purchasing decision.

Furthermore, we note the clear residual market uncertainties relating to the COVID-19 pandemic and the associated instability around overall macro conditions, business climate and working practices that may impact our business to some extent.

However, these factors notwithstanding, the Group is confident in its ability to meet market profitability expectations for FY2021, albeit at a potentially lower level of top line revenue. We have a strong balance sheet coming out of FY2020, an unprecedented commercial pipeline for our newly-launched Cloud Telephony capability in terms of both size and engagement levels, and many exciting avenues to take our broader communications platform, both organically and inorganically. We have a high quality, committed and incentivised team, and are confident in our ability to manage the transition and provide the platform for strong, profitable growth.

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

Chief Financial Officer's Review

During FY2020, the Group benefitted from of a period of materially-increased demand, which significantly strengthened our balance sheet and provided a strong platform to invest in launching our Cloud Telephony capability onto our core global platform.

Operating Results

Group revenue increased by 18% in FY2020 to £50.2 million. This was as a result of a significant spike in demand for both our Meetings and Managed Event capabilities during March and April 2020, after which demand gradually declined with starkly-divergent performance between core Professional Services ("PS") sectors and non-core, non-PS sectors, for the reasons outlined in the CEOs' review.

Following the launch of our enhanced Cloud Telephony capability during 2020, and the strategic shift to a broader cloud platform for external and specialist communications, the Group has evolved its segmental reporting analysis accordingly. Revenue from our Cloud Telephony, Remote Meetings and Managed Events capabilities, all delivered on LoopUp's global technology platform, will now be categorised as LoopUp Platform Capabilities ("LPC"). The Group's remaining revenue, from the resale of Cisco WebEx Meetings, will be categorised as 'third party resale services'.

FY2020 revenue from LPC increased by 25% to £43.0 million (FY2019: £34.4 million), and revenue from third party resale services fell by 12% to £7.2 million (FY2019: £8.1 million).

The Group's overall gross profit increased by 26% to £35.6 million (FY2019: £28.2 million), and LPC gross profit increased by 27% to £33.5 million (FY2019: £26.4 million). This represents a gross margin of 77.8%, one percentage point higher than FY2019, representing both: (i) improvements in telephony rates, the main cost of sale; and (ii) the slight change in mix, with more high margin Managed Event revenue. Overall gross margins increased by 4.5 percentage points to 70.9%, reflecting the change in mix, with relatively less third party resale revenue at significantly lower gross margins.

The Group was able to deliver this additional revenue with a lower cost base – administrative expenses fell 7.7% to £20.3 million (FY2019: £21.8 million). The majority of these savings were in overheads, with the Group able to reduce expenditure on premises (the majority of our offices are in flexible spaces rather than long term leases), marketing (due to the suspension of trade show activity), and travel.

Staff costs were broadly similar to FY2019. Total headcount fell by approximately 20 during the year, largely due to a reduction in more junior, commercial staff. However, this was offset by: (i) the Group investing materially in specialist expertise for the Cloud Telephony market; and (ii) an increase in staff bonuses as a result of trading performance.

The Group reported no exceptionals in the year (FY2019: £0.5m).

Amortisation costs increased to £4.6 million (FY2019: £3.8 million), and spend on development activities increased from £5.0 million in FY2019 to £6.9 million in FY2020, reflecting both the increased investment in Cloud Telephony and increased bonuses, as above.

The Group continues to receive a tax benefit from its development activities, and expects to receive an R&D tax credit of £1.4 million from HMRC for FY2020 (FY2019: £1.3 million), payable during FY2021. This credit was partly offset by £0.7 million of tax charges payable in the Group's non-UK subsidiaries.

Assets and Cash Flows

The Group generated operating cash flow after capital expenditure of £11.4 million (FY2019: £0.1m) and, after debt repayments, increased its cash balance by £9.1 million to £12.0 million. Resulting net debt has fallen to £0.7 million as at 31 December 2020 (FY2019: £11.4 million).

The Group did not take advantage of any Government furlough scheme or international equivalent during FY2020 or since. However, £1.0 million of VAT payments from H1 2020 were automatically deferred and are payable in H1 2021.

Even after the profitability of FY2020, the Group still has accumulated trading tax losses of £8.5 million and non-trade losses of £1.5 million available for offset against future UK profits. These losses, alongside the significant additional relief available for our ongoing development spend, will continue to benefit the Group’s tax charge in FY2021 and beyond.

Due to the reduction in revenues later in FY2020 and the continued uncertainties relating to the COVID pandemic, the Group’s management and Board have carefully reviewed both near and mid-term forecasts and are comfortable with the Group’s going concern status.

While the reduction in revenue is also considered an indicator of potential impairment in relation to the Group’s intangible assets balances, following detailed modelling of future cash generation, the Board is comfortable that there is no requirement to impair these assets as at 31 December 2020. However, recent increases in churn, particularly in non-PS Meetings customers, indicates that the useful economic life of the Customer Relationships asset acquired with MeetingZone may be lower than the 15 years originally estimated for accounting purposes, and as such, the Group proposes to accelerate the acquired amortisation charge for this asset from FY2021.

Simon Healey
CFO

Unaudited Consolidated Statement of Comprehensive income

For the year ended 31 December 2020

	Note	**2020** **£000**	2019 £000
Revenue		**50,230**	42,541
Cost of sales		**(14,632)**	(14,304)
Gross profit	2	**35,598**	28,237
Adjusted administrative expenses[(i)]		**(20,270)**	(21,825)
Adjusted EBITDA[(ii)]		**15,328**	6,412
Depreciation		**(1,698)**	(1,475)
Amortisation of development costs		**(4,581)**	(3,777)
Adjusted operating profit [(iii)]		**9,049**	1,160
Exceptional reorganisation costs		**-**	(509)
Amortisation of acquired intangibles		**(2,210)**	(2,210)
Share-based payments charges		**(575)**	(588)
Operating profit / (loss)		**6,264**	(2,147)
Finance costs		**(568)**	(647)
Profit / (loss) before income tax		**5,696**	(2,794)
Income tax		**826**	789
Profit / (loss) for the year		**6,522**	(2,005)
Currency translation gain / (loss)		**(140)**	(397)
Total comprehensive income / (loss) for the year attributable to the equity holders of the parent		**6,382**	(2,402)
Earnings / (loss) per share (pence):	3		
Basic		11.8	(3.6)
Diluted		10.8	(3.6)

(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 2020

	2020	2019
	£000	£000
		Restated
Assets:		
Property, plant and equipment	**2,663**	2,737
Right of use assets	**2,347**	3,228
Development costs	**11,389**	9,104
Goodwill and other intangibles	**58,957**	61,167
Total non-current assets	**75,356**	76,236
Trade and other receivables	**6,744**	8,652
Cash and cash equivalents	**12,086**	3,000
Current tax	**1,647**	1,631
Total current assets	**20,477**	13,283
Total assets	**95,833**	89,519
Liabilities:		
Trade and other payables	**(6,363)**	(5,415)
Accruals and deferred income	**(3,605)**	(2,578)
Lease liabilities	**(747)**	(862)
Borrowings	**(1,700)**	(1,700)
Total current liabilities	**(12,416)**	(10,555)
Net current assets	**8,061**	2,728
Non-current liabilities:		
Borrowings	**(11,050)**	(12,750)
Lease liabilities	**(1,600)**	(2,366)
Deferred tax	**(5,581)**	(5,709)
Total non-current liabilities	**(18,231)**	(20,825)
Total liabilities	**(30,647)**	(31,380)
Net assets	**65,186**	58,139
Equity		
Share capital	**277**	276
Share premium	**60,677**	60,588
Other reserve	**12,691**	12,691
Foreign currency translation reserve	**(2,472)**	(2,332)
Retained loss	**(5,987)**	(13,084)
Shareholders' funds attributable to equity owners of parent	**65,186**	58,139

Unaudited Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	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 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 / (loss) 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
As at 1 January 2020	276	60,588	12,691	(2,332)	(13,084)	58,139
Profit for the year	-	-	-	-	6,522	6,522
Other comprehensive income	-	-	-	(140)	-	(140)
Total comprehensive profit for the year	-	-	-	(140)	6,522	6,382
Transactions with owners of parent in their capacity as owners:						
Equity share-based payment compensation	-	-	-	-	575	575
Share issues	1	89	-	-	-	90
As at 31 December 2020	**277**	**60,677**	**12,691**	**(2,472)**	**(5,987)**	**65,186**

Unaudited Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 £000	2019 £000
Net cash flows from operating activities		
Profit / (loss) before income tax	**5,696**	(2,794)
Non-cash adjustments		
Depreciation and amortisation	**7,609**	6,671
Impairment of intangible fixed assets	**-**	-
Share-based payments charges	**575**	588
Interest payable	**568**	647
Working capital adjustments		
(Increase) / decrease in trade and other receivables	**1,997**	80
Increase / (decrease) in trade and other payables	**1,370**	737
Tax received	**1,200**	401
Net cash generated by operations	**19,015**	6,330
Cash flows from investing activities		
Purchase of property, plant and equipment	**(745)**	(1,257)
Addition of intangible assets	**(6,866)**	(5,001)
Net cash used in investing activities	**(7,611)**	(6,218)
Cash flows from financing activities		
Proceeds from share issue net of issue costs	**90**	84
Repayment of loans	**(1,700)**	(1,700)
Interest and finance fees paid	**(568)**	(647)
Net cash generated from financing activities	**(2,178)**	(2,263)
Net increase / (decrease) in cash and equivalents	**9,226**	(2,191)
Cash and cash equivalents brought forward	**3,000**	5,581
Effect of foreign exchange rate changes	**(140)**	(390)
Cash and cash equivalents carried forward	**12,086**	3,000

Notes to the Financial Statements

1. Background and basis of preparation

The principal activity of the Group is a premium cloud communications solution for business-critical external communications.

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 2020 or 31 December 2019. The results for the year ended 31 December 2020 are unaudited. The statutory accounts for the year ended 31 December 2020 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 2019 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 unaudited summary financial information set out in this announcement have been prepared using the accounting policies as described in the December 2019 audited year end statutory accounts and have been consistently applied.

The preliminary announcement for the year ended 31 December 2020 was approved by the Board for release on 30 March 2021.

Prior year restatement

During the year, the Group identified that certain assets and liabilities acquired as part of the acquisition of MeetingZone in 2018 had been misstated in the acquisition balance sheet. Accrued income assets had been overstated by £669,000 and deferred revenue liabilities had been overstated by £108,000. The net impact of these adjustments is to increase the goodwill asset relating to the acquisition by £561,000. The Group's 2019 balance sheet has been restated in this announcement to reflect these adjustments. There is no impact on income statement in either year.

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). 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 LoopUp Platform Capabilities 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 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 Platform Capabilities	Third party resale services	Total
For the 12 months to 31 December 2020:			
UK	22,634	2,957	25,591
Other EU	6,217	1,573	7,790
North America	13,258	2,651	15,909
Rest of world	940	-	940
	43,049	7,181	50,230
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	LoopUp Platform Capabilities	Third party resale services	Total
For the 12 months to 31 December 2020:			
Services transferred at a point in time	40,774	599	41,373
Services transferred over time	2,275	6,582	8,857
	43,049	7,181	50,230
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	12 months to 31 December 2020	12 months to 31 December 2019
LoopUp Platform Capabilities	33,497	26,449
Third party resale services	2,101	1,778
	35,598	28,237

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

£'000	12 months to 31 December 2020	12 months to 31 December 2019 restated
UK	74,230	74,753
Other EU	24	62
North America	1,097	1,410
Rest of world	5	11
	75,356	76,236

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 2020	12 months to 31 December 2019
Profit / (loss) attributable to equity holders (£000)	6,522	(2,005)
Adjusted profit attributable to equity holders (£000) (1)	9,307	1,302
Weighted average number of ordinary shares in issue (000)	55,330	55,208
Basic earnings per share (pence):		
- **Basic adjusted (1)**	**16.8**	**2.4**
- **Basic**	**11.8**	**(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.

	12 months to 31 December 2020	12 months to 31 December 2019
Weighted average number of ordinary shares in issue ('000)	55,330	55,208
Adjustments for share options ('000)	5,065	5,058
Weighted average number of potential ordinary shares in issue ('000)	60,395	60,266
Diluted earnings per share (pence):		
- **Diluted adjusted (1)**	**15.4**	**2.2**
- **Diluted**	**10.8**	**(3.6)**

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

4. Dividends

The Directors do not recommend the payment of a dividend (2019: £nil).