

29 March 2023



LOOPUP GROUP PLC
(“LoopUp” or the “Group”)

Trading update

Material uplift in Q4 revenue run-rate

LoopUp Group plc (AIM: LOOP), the cloud platform for premium external communications, is pleased to announce a trading update for its financial year ended 31 December 2022.

Material jump in revenue

The Group now expects a material jump in Q422 revenue to approximately £7.2 million following the PGi Connect transaction announced in September 2022, and so a strong run-rate heading into FY23. However, the Directors note that they continue to expect attrition over time to revenue from the Group’s Meetings business, including that from the PGi Connect transaction.

For the full financial year ended 31 December 2022, the Group expects:

- FY22 revenue above market expectations at approximately £16.5 million (H122: £6.6 million; FY21: £19.5 million);
- FY22 Adjusted EBITDA¹ loss in line with market expectations at approximately £1.0 million (H122: £1.5 million loss; FY21: £1.2 million profit); and
- FY22 year-end gross cash of £1.7 million (FY21: £5.5 million) and net debt of £5.8 million (FY21: £2.5 million), following the successful subscription and placing for approximately £3.5 million in September 2022.

Commercial traction in Cloud Telephony

Cloud Telephony now sits squarely at the heart of the Group’s forward-looking growth strategy, and the Group achieved strong operational progress and commercial traction during FY22:

- Customer numbers grew by 172%, a growth of 50 customers from the 29 at the end of FY21 to 79 at the end of FY22.
- Individual contract numbers with the Group’s customers grew 229%, a growth of 117 contracts from the 51 contracts at the end of FY21 to 168 at the end of FY22. This reflects the fact that the Group is targeting the multinational mid-market and enterprise segments, where customer wins generally involve geographic rollouts. As such, the ratio of contracts per customer grew from 1.76 at the end of FY21 to 2.13 at the end of FY22.
- Booked Annual Recurring Revenue (ARR) from these 79 customers at the end of FY22 stood at £1.8 million minimum contractually guaranteed and c.£3.1 million expected. Nearly all customers are on 3-year initial term licence contracts.
- Net Revenue Retention (NRR) was 159% in FY22, being the ratio of booked ARR at the end of FY22 to booked ARR at the end of FY21 from the cohort of 29 customers in place at the end of FY21.
- The Group has experienced zero gross customer churn in Cloud Telephony since entering the market.
- Sales cycles can involve a Proof of Concept (POC), enabling prospective customers to test our technology in their own IT environment. The Group has achieved a 95 percent POC conversion rate, with 19 out of 20 POC projects completed by the Group having successfully converted into customer wins.

The Group maintains a strong pipeline of future Cloud Telephony sales opportunities (c.£100 million ARR) and is confident in the growth prospects of this primary forward-looking line of business.

¹ Earnings before interest, tax, depreciation and amortisation, excluding share-based payments charges

Meetings

In September 2022, the Group announced a revenue sharing and customer transfer agreement with PGI Connect, giving LoopUp the rights to onboard materially all of PGI Connect's conferencing services customers. While no initial or fixed consideration was payable, the Group agreed to pay PGI Connect a share of invoiced and received revenue² from successfully transferred customers for a period of three years.

Since October 2021, approximately 7,000 customers have transitioned from PGI Connect to LoopUp, leading to an increase in the Group's revenue run rate of c.167% (c.£2.7 million in Q322 to c.£7.2 million in Q422).

While this transitioned Meetings business is expected to decline over time, it is nevertheless highly cash generative, with a gross margin of 65-70 percent (after LoopUp COGS and PGI Connect revenue share) and just c.£0.3 million in incremental quarterly staff and overheads costs.

Outlook

Looking ahead, there are three primary factors influencing the development of the Group's revenue progression, namely:

- continued strong new business growth in the Group's primary Cloud Telephony business;
- a full year (rather than single quarter) of revenue from the PGI Connect transaction; and
- the continued projected decline in the Group's legacy Meetings business (including PGI Connect).

Combining these factors, the Group expects:

- approximately 25% revenue growth in FY23, driven primarily by the full year impact of the PGI Connect transaction, alongside a return to Adjusted EBITDA profitability;
- marginal revenue growth in FY24 as Cloud Telephony growth overtakes the decline in Meetings; and
- strong double-digit revenue growth from FY25 onwards.

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.

LoopUp Group plc
Steve Flavell, co-CEO

via FTI

Panmure Gordon (UK) Limited
Dominic Morley / Ivo Macdonald (Corporate Finance)

+44 (0) 20 7886 2500

Cenkos Securities Limited
Giles Balleny / Dan Hodkinson (Corporate Finance)
Alex Pollen (Sales)

+44 (0) 20 7397 8900

FTI Consulting, LLP
Matt Dixon / Jamille Smith / Tom Blundell

+44 (0) 20 3727 1000

² Approximately 13% on a weighted average basis

About LoopUp Group plc

LoopUp (LSE AIM: LOOP) is a cloud platform for premium hybrid communications. The Group's flagship Cloud Telephony solution for Microsoft Teams enables multinational enterprises to consolidate their global telephony provision into a single, consistently managed cloud implementation rather than disparate implementations from multiple carriers. The Group is listed on the AIM market of the London Stock Exchange and is headquartered in London, with offices in the US, Spain, Germany, Hong Kong, Barbados and Australia. For further information, please visit: www.loopup.com.