14 September 2023

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

Interim results for the period ended 30 June 2023

Continued strong traction in Cloud Telephony

LoopUp Group plc (AIM: LOOP), the cloud platform for premium hybrid communications, is pleased to announce its unaudited interim results for the six months ended 30 June 2023 (“H1-23”).

Financial Highlights:

£ million	H1-23 (unaudited)	H1-22 (unaudited)
Revenue	**12.2**	**6.6**
Gross margin	**76%**	**67%**
Adjusted EBITDA[1]	**2.5**	**(1.5)**
Period end gross cash	**0.9**	**0.7**
Period end net debt	**5.6**	**8.0**

- Improved key financial metrics year-on-year
- Extension of senior debt facilities with Bank of Ireland by twelve months to 30 September 2024
- Reduction of outstanding Bank of Ireland debt to £6.0 million (31 Dec 2022: £6.8m) following scheduled repayment of £0.85 million in June 2023

Operating Highlights:

- ***Cloud Telephony – Our primary focus – securing customers and strong pipeline building:***
  - LoopUp was certified onto Microsoft’s Operator Connect partner program, and now has Cloud Telephony service availability in 54 countries, the broadest geographic coverage amongst all c.70 partners in the Operator Connect program globally
  - 118% growth in customers from 50 at end H1-22 to 109 at end H1-23
  - 176% growth in contracts from 102 contracts at end H1-22 to 282 at end H1-23
  - 154% growth in Booked ARR[3] from £1.0 million at end H1-22 to £2.5 million at end H1-23
  - Zero gross churn in FY-22 and Net Revenue Retention (NRR)[4] of 155%

- ***Meetings and Virtual Events (“Event”):***
  - Material increase in H1-23 Meetings and Event revenue to c.£9.4 million (H1-22: c.£3.6 million), driven by the transition of PGi Connect customers in October 2022
  - However, as expected and previously guided, these lines of business are in progressive structural decline, as shown in the following quarterly revenue profile:

c.£ million	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
Meetings & Event revenue	2.0	1.6	1.4	5.8	5.3	4.0

Post Period Highlights:

- Cloud Telephony Booked ARR currently at c.£2.7 million, an increase of 70% from £1.6 million at the end of FY22, and a year-on-year increase of 145% from £1.1 million in August 2022

- Strong pipeline of future Cloud Telephony sales opportunities (c.£100 million ARR)

	Number of customers	Number of Individual Contracts	Booked ARR (£ million)
At end H1-22	**50**	**102**	**0.98**
Increase from base (12 month to end H1-23)		87	0.54
New customer wins (12 month to end H1-23)	59	93	0.96
At end H1-23	**109**	**282**	**2.49**
Increase from base (since end H1-23)		41	0.19
New customer wins (since end H1-23)	18	19	0.04
Current	**127**	**342**	**2.72**

Outlook:

- Based on current year-to-date trading, the positive trajectory in Cloud Telephony and the as expected declining trajectory in Meetings and Event, the Group is confident of broadly meeting current market expectations for FY-23.

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

"Today we report results demonstrating improved financials year-on-year, boosted by the cash generation associated with last year's PGi Connect transaction. We are pleased with the continued strong commercial traction in our primary Cloud Telephony business, executing on our strategy of enabling multinational enterprises to consolidate their telephony procurement and management globally.

Cloud Telephony has seen triple digit growth in both customers and booked ARR, and we are proud to offer the broadest geographic licensed coverage on Microsoft's Operator Connect program. Combined with our global technology platform and team expertise across telecommunications, unified communications and software development, we are well placed with a building pipeline to become a future winner in the multinational segment of the $31 billion[5] Cloud Telephony market opportunity."

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

[2] Adjusted to exclude amortisation of acquired intangibles and share-based payment charges

[3] Booked Annual Recurring Revenue: minimum contracted annual revenue during the initial term of the customer contract

[4] NRR is calculated as the ratio of booked ARR at the end of H1-23 to booked ARR at the end of H1-22, from the cohort of customers in place at the end of H1-22

[5] Source: Gartner 2023

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 — **via FTI**
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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.

Chief Executive Officers' Business Review

Continued execution on our strategic transition

Boosted by the material additional cash generation in our Meetings and Event businesses following the PGi Connect transaction, as announced in September 2022, the Group has continued to forge further strong commercial progress in our primary Cloud Telephony growth business.

At a Group level, all key financials improved year-on-year, with H1-23 revenue 84% higher than the prior year, gross profit 109% higher, gross margin 9 percentage points better, profitable at an adjusted EBITDA level, and an 81% reduction in operating loss.

Our primary Cloud Telephony growth business continued its strong growth profile since launch in H2-20, with triple digit growth in customers, contracts, Booked ARR and revenue, and very strong churn and retention metrics. Our strategy of enabling multinational enterprises to consolidate their telephony procurement and management globally has been strengthened by the Group's leading global coverage on Microsoft's Operator Connect cloud telephony partner program.

Revenue from our Meetings and Event business was 160% higher in the period than prior year due to the PGi Connect transaction, but as expected, continues to decline due to the global trend of these capabilities being fulfilled by broader Unified Communications platforms, such as Microsoft Teams and Zoom.

Strong commercial momentum in Cloud Telephony

The Group's flagship Cloud Telephony solution is integrated into Microsoft Teams and enables users to make phone calls to external phone numbers and receive phone calls to their own work phone numbers, all seamlessly via their Teams-enabled devices. Our platform targets multinational mid-market and enterprise organisations with the value proposition of consolidating their global telephony procurement with one vendor partner – LoopUp – rather than from multiple geographic-specific carriers.

Cloud Telephony now sits squarely at the heart of the Group's forward-looking growth strategy, and we achieved further strong operational progress and commercial traction during H1-23.

LoopUp was certified onto Microsoft's Operator Connect partner program in April 2023. Importantly for our multinational go-to-market strategy, our service availability in 54 countries is the broadest geographic coverage amongst all c.70 partners in the Operator Connect program globally.

Customer numbers grew by 118%, a growth of 59 customers from the 50 at the end of H1-22 to 109 at the end of H1-23.

Given the geographic rollouts generally associated with multinational customer deployments, customer wins often comprise multiple individual contracts over time. Individual contract numbers grew from the 102 contracts with the Group's 50 customers at the end of H1-22 to 282 with the Group's 109 customers at the end of H1-23, a growth of 180 contracts or 176%.

Booked ARR from these 180 customers stood at £2.5 million at the end of H1-23, a 154% increase from £1.0 million at the end of H1-22. This represents the minimum contractually guaranteed level of won ARR, and the Group realistically expects the ARR from these 109 customers to progress to c.£3.9 million as rollouts progress, materially above the minimum contracted level.

Nearly all of the Group's Cloud Telephony customers are on 3-year initial term licence contracts. To date, the Group is proud to have experienced zero gross customer churn since entering the market and very strong Net Revenue Retention (NRR). NRR was 155% in the twelve months to end H1-23, this being the ratio of booked ARR at the end of H1-23 to booked ARR at the end of H1-22 from the cohort of 50 customers in place at the end of H1-22.

The Group maintains a strong pipeline of future Cloud Telephony sales opportunities (c.£100 million ARR). We are confident in our continued Cloud Telephony growth prospects and are excited by the traction and potential of our differentiated multinational solution in this large Cloud Telephony market, which is forecast to grow from £21.2 billion in 2022 to £31.4 billion by 2027[6].

Meetings and Event

The Group's Meetings and Event businesses remain structurally in decline, primarily due to customers switching to broader Unified Communications platforms such as Microsoft Teams that include similar features and capabilities.

However, our Meetings and Event businesses received a substantial boost in September 2022, when the Group announced a 'Revenue Sharing and Customer Transfer Agreement' with PGi Connect. The agreement gave 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 revenue[7] from successfully transferred customers for a period of three years.

Meetings and Event revenue was c.£9.3 million in H1-23, an increase of 160% over c.£3.6 million in H2-22. However, the underlying structural decline is demonstrated in the quarterly revenue profile as below:

c.£ million	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
Meetings & Event revenue	2.0	1.6	1.4	5.8	5.3	4.0

Recent churn was amplified by a major collections initiative beginning in Q2 across the thousands of new accounts transitioned from PGi Connect, and the Group believes this churn rate will settle at a lesser but nevertheless still material level in due course.

Notwithstanding the structural decline, Meetings and Event are highly cash generative for the Group.

Hybridium

Following the acquisition of SyncRTC Inc. in October 2021, the Group's Hybridium (www.hybridium.com) solution is focused on relatively large-scale corporate events that have a mix of in-room and remote guests and/or a mix of in-room and remote hosts/presenters, such as management onsites, departmental kick-offs, capital markets days and thought leadership seminars.

Events with Hybridium's video wall technology benefit from ultra-low latency at ultra-high resolution, with full video wall layout flexibility facilitating any content on any section of the wall. The Group is currently reviewing its go-to-market strategy for Hybridium and will make further market announcements in due course.

Bank of Ireland debt arrangements

In June 2023, the Group successfully extended its debt facilities with Bank of Ireland by twelve months, such that the facilities will now mature on 30 September 2024. The financial covenants to this facility were extended through to the updated maturity date, on the same essential basis as prior to the extension. There were no material changes to key commercial terms in connection with the facility.

Outlook

While the Directors expect the Group's Meetings business to continue to decline over time, this is now from a materially larger base following the transition of former PGi Connect customers. Combined with the fast and accelerating growth in its primary forward-looking Cloud Telephony business, the Group is confident of broadly meeting current market expectations for FY-23.

Steve Flavell
co-CEO

Michael Hughes
co-CEO

[6] Source: Gartner 2023
[7] Approximately 13% on a weighted average basis

Unaudited consolidated statement of comprehensive income for the six months to 30 June 2023

£'000	Six months to 30 June 2023	Six months to 30 June 2022	Year to 31 December 2022
Revenue	**12,218**	**6,632**	**16,480**
Cost of sales	(2,975)	(2,211)	(5,060)
Gross profit	**9,243**	**4,421**	**11,420**
Adjusted operating expenses [(1)]	(6,769)	(5,967)	(12,287)
Adjusted EBITDA [(2)]	**2,474**	**(1,546)**	**(867)**
Depreciation	(579)	(806)	(1,556)
Amortisation of development costs	(2,880)	(2,722)	(5,495)
Adjusted operating profit / (loss)[(3)]	**(985)**	**(5,074)**	**(7,918)**
Exceptional reorganisation costs	-	(259)	(633)
Exceptional impairment charge	-	-	(13,560)
Amortisation of acquired intangibles	-	(925)	(1,846)
Share-based payment charges	(300)	(602)	(1,142)
Total administrative expenses	(10,528)	(11,281)	
Operating profit / (loss)	**(1,285)**	**(6,860)**	**(25,102)**
Finance costs	(269)	(212)	(766)
Profit / (loss) before income tax	**(1,554)**	**(7,072)**	**(25,868)**
Income tax	(113)	(121)	4,066
Profit / (loss) for the period	**(1,667)**	**(7,193)**	**(21,802)**
Other comprehensive income and loss			
Currency translation gain / (loss)	(374)	27	209
Total comprehensive income / (loss) for the period attributable to the equity holders of the parent	**(2,041)**	**(7,166)**	**(21,593)**
Earnings / (loss) per share (pence) – Note 4			
- Basic and diluted adjusted [(4)]	(1.1)	(5.4)	(6.9)
- Basic and diluted	(1.4)	(7.1)	(18.1)

1. Total administrative expenses excluding depreciation, amortisation of development costs and acquired intangibles, exceptional reorganisation costs, exceptional impairment charge and share-based payment charges.
2. Adjusted EBITDA is operating profit/(loss) stated before depreciation, amortisation of development costs and acquired intangibles, exceptional reorganisation costs, exceptional impairment charge and share-based payment charges.
3. Adjusted operating profit/(loss) is operating profit/(loss) stated before amortisation of acquired intangibles, exceptional reorganisation costs, exceptional impairment charge and share-based payment charges.
4. Basic adjusted and diluted adjusted earnings per share are calculated using profit/(loss) attributable to equity holders adjusted for exceptional reorganisation costs, exceptional impairment charges, amortisation of acquired intangibles and share based payment charges.

Unaudited consolidated statement of financial position at 30 June 2023

£'000	30 June 2023	30 June 2022	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	1,307	1,985	1,626
Right of use assets	532	1,717	780
Intangible assets:			
- Development costs	12,779	12,384	13,126
- Other intangible assets	-	5,397	-
- Goodwill	25,649	35,425	25,654
- Deferred tax	1,974	-	1,974
Total non-current assets	**42,241**	**56,908**	**43,160**
Current assets			
Trade and other receivables	6,170	3,632	8,173
Cash and cash equivalents	885	662	1,661
Current tax	712	2,063	825
Total current assets	**7,767**	**6,357**	**10,659**
Total assets	**50,008**	**63,265**	**53,819**
Liabilities			
Trade and other payables	(5,715)	(3,796)	(6,313)
Accruals and deferred income	(3,846)	(1,659)	(3,914)
Lease liabilities	(835)	(762)	(819)
Borrowings	(1,700)	(1,700)	(6,772)
Total current liabilities	**(12,096)**	**(7,917)**	**(17,818)**
Net current assets/(liabilities)	**(4,329)**	**(1,560)**	**(7,159)**
Non-current liabilities			
Borrowings	(4,742)	(6,948)	(686)
Lease liabilities	(674)	(1,468)	(897)
Deferred tax liability	-	(1,721)	-
Provisions	-	(172)	(178)
Total non-current liabilities	**(5,416)**	**(10,309)**	**(1,761)**
Total liabilities	**(17,512)**	**(18,226)**	**(19,579)**
Net assets	**32,496**	**45,039**	**34,240**
Equity			
Share capital	881	518	881
Share premium	74,055	71,129	74,055
Other reserve	12,691	12,691	12,691
Foreign currency translation reserve	(2,914)	(2,722)	(2,540)
Share based payment reserve	4,325	3,689	4,028
Retained loss	(56,542)	(40,266)	(54,875)
Shareholders' funds attributable to equity owners of parent	**32,496**	**45,039**	**34,240**

Unaudited consolidated statement of changes in equity at 30 June 2023

£'000	Share capital	Share premium	Other reserve	Foreign currency translation reserve	Share based payment reserve	Retained loss	Shareholders' funds / (deficit) attributable to equity owners of parent
Balance at 1 January 2022	**485**	**70,860**	**12,691**	**(2,749)**	**3,395**	**(33,073)**	**51,609**
Total comprehensive income / (loss)	-	-	-	27	-	(7,193)	(7,166)
Equity share-based payment compensation	33	269	-	-	294	-	596
Balance at 30 June 2022	**518**	**71,129**	**12,691**	**(2,722)**	**3,689**	**(40,266)**	**45,039**
Total comprehensive income / (loss)	-		-	182	-	(14,609)	(14,427)
Equity share-based payment compensation	13	191	-	-	339	-	(517)
Proceeds from share issues	350	2,735	-	-	-	-	3,085
Balance at 31 December 2022	**881**	**74,055**	**12,691**	**(2,540)**	**4,028**	**(54,875)**	**34,240**
Total comprehensive income / (loss)	-	-	-	(374)	-	(1,667)	(2,041)
Equity share-based payment compensation	-	-	-	-	297	-	297
Balance at 30 June 2023	**881**	**74,055**	**12,691**	**(2,914)**	**4,325**	**(56,542)**	**32,496**

Unaudited consolidated statement of cash flows for the six months to 30 June 2023

£'000	Six months to 30 June 2023	Six months to 30 June 2022	Year to 31 December 2022
Operating activities			
(Loss) before tax	(1,554)	(7,072)	(25,868)
Non-cash adjustments:			
Depreciation and amortisation	3,465	4,413	8,900
Share based payment charge	300	602	1,145
Impairment charges	-	-	13,560
Interest payable	269	212	502
Working capital adjustments:			
Decrease/(increase) in trade and other receivables	2,260	(24)	(3,170)
(Decrease)/increase in trade and other payables	(811)	34	4,214
Net income tax received / (paid)	113	(302)	1,280
Cash generated from/(used in) operations	**4,042**	**(2,137)**	**563**
Cash flows from investing activities			
Purchase of property, plant and equipment	(13)	(38)	(39)
Development expenditure	(2,533)	(3,000)	(5,942)
Net cash used in investing activities	**(2,546)**	**(3,038)**	**(5,981)**
Cash flows from financing activities			
Proceeds from share issues	-	-	3,085
Repayment of loans	(1,015)	-	(424)
Payments for leased assets	(648)	(379)	(885)
Credit facility	-	930	-
Interest and finance fees paid	(235)	(152)	(400)
Net cash generated from/(used in) financing activities	**(1,898)**	**399**	**1,376**
Net (decrease) in cash and cash equivalents	**(402)**	**(4,776)**	**(4,042)**
Cash and cash equivalents brought forward	1,661	5,465	5,465
Effect of foreign exchange rate changes	(374)	(27)	238
Cash and cash equivalents carried forward	**885**	**662**	**1,661**

Notes to the financial information for the six months ended 30 June 2023

1. General information

LoopUp Group plc (AIM: "LOOP", "LoopUp Group", or the "Group") is a global provider of hybrid 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 9 Appold Street, London EC2A 2AP.

2. Basis of preparation and significant accounting policies

These consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IFRS") and IFRS Interpretations Committee (formerly IFRIC) interpretations in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 2022 has been derived from the full Group accounts published in the Annual Report and Accounts 2022, 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 2022 statutory accounts, which are based on the recognition and measurement principles of IFRS.

These unaudited interim results have been prepared on the going concern basis. At the balance sheet date, the Group had cash of £0.9m and net assets of £32.5m. Based on detailed forecasts prepared by management, the Directors have a reasonable expectation that the Group has adequate resources to continue operations for the next twelve months, and as such these results have been prepared on a going concern basis.

The results for the six months ended 30 June 2023 were approved by the Board on 13 September 2023. A copy of these interim results will be available on the Group's web site www.loopup.com from 14 September 2023.

The principal risks and uncertainties faced by the Group have not changed from those set out in the Annual Report and Accounts 2022.

No impact is anticipated from new standards coming into effect from 1 January 2023.

3. Revenue and segmental reporting

IFRS 8 Operating Segments requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the CODM. 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 CODM.

The primary segment is that of LoopUp Platform Capabilities (LPC),and includes global cloud voice services via Direct Routing and Operator Connect integration with Microsoft Teams (known as Cloud Telephony), as well as the Group's longstanding Remote Meetings and Managed Events capabilities. Revenue from resale of Cisco WebEx services is categorised as 'third party resale services'. A third segment exists as a result of the acquisition of SyncRTC in October 2021, that of Hybridium.

Segmental revenues are external and there are no material transactions between segments. The Group's largest customer represented less than 5% of total revenue in both years.

No segmental balance sheet was presented to the CODM. It is not possible to allocate overheads, and therefore profits, by segment due to the pooled nature of the overhead base and the capital structure. Overheads are not presented to the CODM on a segmental basis.

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

£’000	6 months to 30 June 2023	6 months to 30 June 2022	12 months to 31 December 2022
UK	1,517	2,674	3,783
EU	1,049	1,058	2,781
North America	9,189	2,813	9,453
Rest of world	463	87	463
	12,218	6,632	16,480

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

£’000	6 months to 30 June 2023	6 months to 30 June 2022	12 months to 31 December 2022
Services transferred at a point in time	9,666	4,237	10,995
Services transferred over time	2,552	2,395	5,485
	12,218	6,632	16,480

The Group’s revenue disaggregated by segment is as follows:

£’000	6 months to 30 June 2023	6 months to 30 June 2022	12 months to 31 December 2022
LoopUp Platform Capabilities	10,877	4,590	12,880
Third party resale services	1,127	1,642	2,971
Hybridium	214	400	629
	12,218	6,632	16,480

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

£’000	6 months to 30 June 2023	6 months to 30 June 2022	12 months to 31 December 2022
UK	39,090	55,222	40,055
EU	565	170	237
North America	2,585	1,513	1,866
Rest of world	1	3	2
	43,241	56,908	43,160

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.

	6 months to 30 June 2023	6 months to 30 June 2022	12 months to 31 December 2022
Profit / (loss) attributable to equity holders (£'000)	(1,667)	(7,193)	(21,802)
Adjusted profit attributable to equity holders (£'000) (1)	(1,367)	(5,407)	(9,090)
Weighted average number of ordinary shares in issue ('000)	120,522	100,783	120,522
Basic earnings per share (pence):			
- **Basic adjusted (1)**	**(1.1)**	**(5.4)**	**(6.9)**
- **Basic**	**(1.4)**	**(7.1)**	**(18.1)**

1. Calculated using profit / (loss) for the period, adjusted for exceptional reorganisation costs, exceptional impairment charges, amortisation of acquired intangibles and share based payment charges.

Since the Group made a loss in each of the periods above, there were no potentially dilutive shares that were not anti-dilutive, and the diluted earnings per share is identical to the basic earnings per share.

5. Dividends

The directors did not recommend the payment of a dividend for the years ended 31 December 2022 or 2021, or the six month periods ended 30 June 2023 or 2022.