loopup

ANNUAL REPORT & ACCOUNTS 2021

At LoopUp, we believe great communications are at the heart of all successful organisations. Our mission is to help them communicate and collaborate in a secure and effective way wherever they may be.

STRATEGIC REPORT

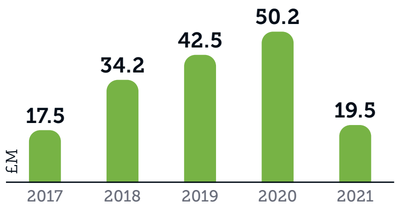
GOVERNANCE

FINANCIAL STATEMENTS

A year of strategic transition for the Group

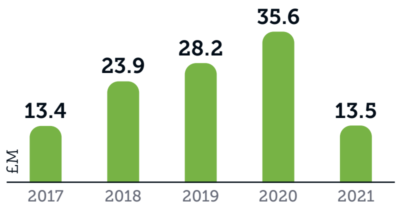
Revenue[1]

£19.5m



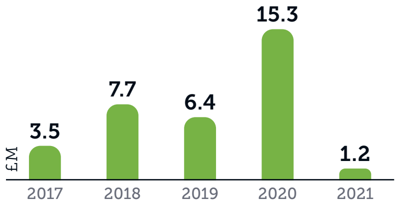
Gross profit[1]

£13.5m



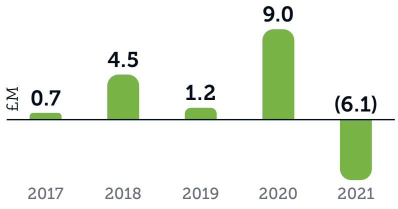
Adjusted EBITDA[1,2]

£1.2m



Adjusted operating (loss)/profit[1,2]

£(6.1)m



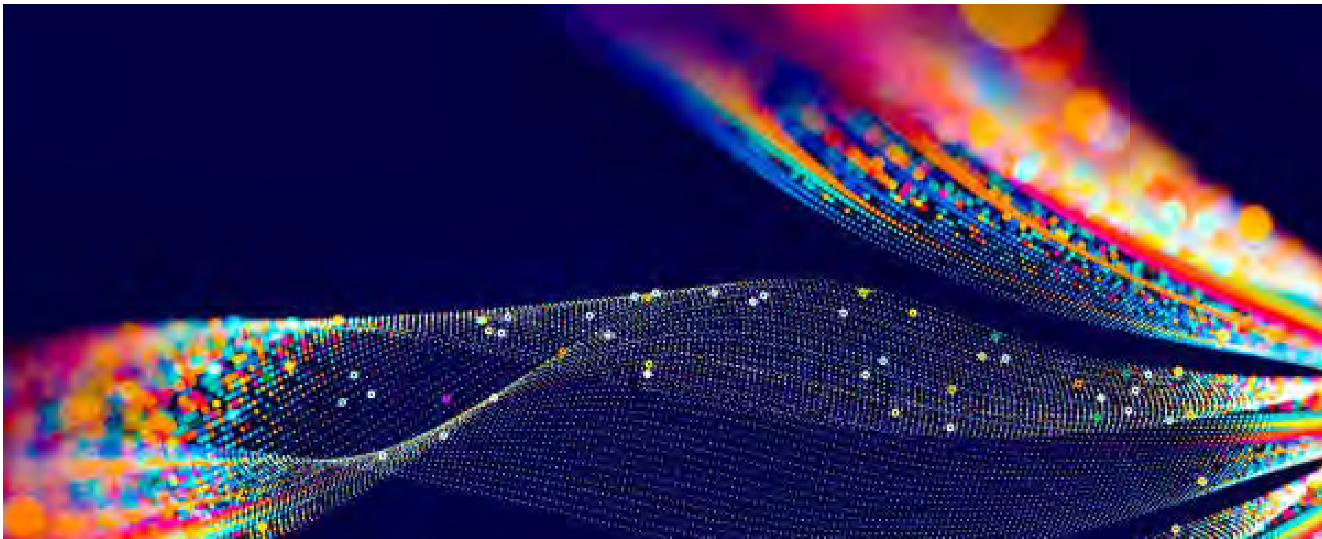
Cash at 31 December 2021

£5.5m

(2020: £12.1m)

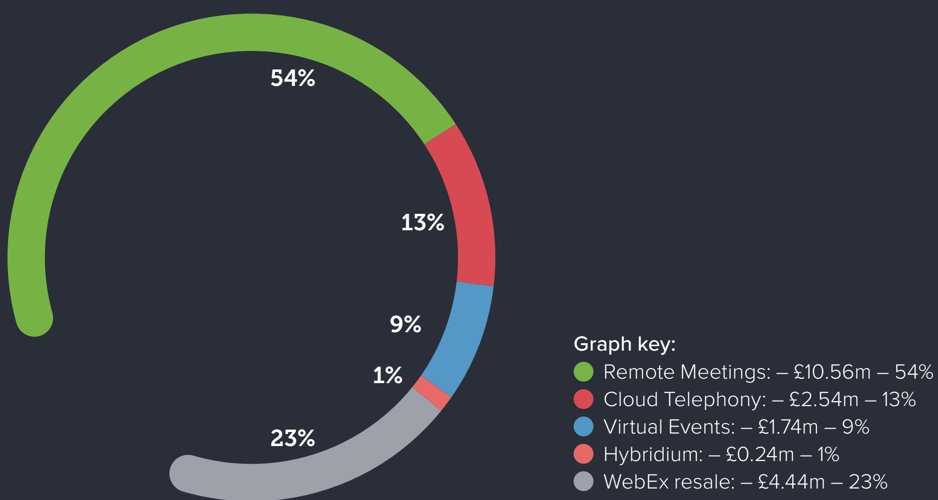
Notes:

1. 2021 includes 3 months of SyncRTC (Hybridium), acquired in October 2021
2. Adjusted EBITDA and operating (loss)/profit exclude non-recurring transaction costs, exceptional reorganisation costs, non-recurring transaction costs, amortisation of acquired intangibles and share-based payments charges



From our traditional base of remote meetings to a broader cloud platform for premium hybrid communications

REVENUE SEGMENTATION (FY2021) (%)



Next Generation Cloud Telephony

loopup

In Q3 2020, the Group announced the launch of its Cloud Telephony solution, which now sits squarely at the heart of the Group's forward-looking growth strategy.

LoopUp's next generation solution is integrated with 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.

LoopUp's differentiated platform is targeted at multinational enterprises, enabling them to consolidate their telephony provision globally with one vendor partner – LoopUp – rather than multiple geographic-specific carriers. Specifically, LoopUp:

- expects to be a fully licensed and regulated telecommunications service provider in approximately 60 countries by the end of 2022, including certain challenging jurisdictions such as China and India;
- has built a premium voice platform over the last 15 years (originally for the purpose of high quality legal conference calls), comprising a private redundant IP backbone between seven global data centres, which interconnect with 18 carefully selected tier-1 carrier partners with calls routed on highest quality basis;

Microsoft Partner

Microsoft

Gold Cloud Productivity
Gold Collaboration and Content
Gold Communications
Gold Messaging
Gold Project and Portfolio Management
Gold Windows and Devices

Forecast Cloud Telephony market value by 2025

£29b

(source: Gartner 2022)

- brings deep, multilingual Microsoft voice expertise to assist its customers with solution design, configuration and rollout project management across complex global deployments. The Group has recently been awarded the 'Calling for Microsoft Teams Advanced Specialization' by Microsoft, which represents the highest competency tier above and beyond Microsoft's gold level;
- has developed a global management and administration portal for its customers, enabling visibility and management of phone numbers, users and usage/spend analysis on a global level; and
- has introduced differentiated 'PerfectBundle™' pricing, which enables customers to pool their committed spend across their international billing entities.

During 2021, the Group closed 31 new Cloud Telephony enterprise contracts, with all customer deployments proving successful and all rollouts progressing positively. The Group is targeting an additional 50 wins during 2022.

The Group’s sales pipeline of direct Cloud Telephony opportunities continued to grow and mature, reaching approximately £72 million of potential Annual Recurring Revenue (ARR) by the end of FY2021.

LoopUp's Advanced Specialization Awards

Microsoft

Calling for Microsoft Teams
Adoption and Change Management
Meetings and Meeting Rooms for Microsoft Teams

Hybrid Auditorium Technology

Hybridium

(acquired by the Group in October 2021, as SyncRTC)

The post pandemic hybrid workplace is seeking new ways to communicate, learn and engage, and yet getting large groups of people together is harder than ever.

"Universitas is at the heart of our objective to turn Telefónica's headquarters into a complete and avant-garde technological, disruptive, training and creative ecosystem, and we are delighted to partner with Hybridium in this endeavour. Hybrid classes will leverage Hybridium's technology, combining virtual and face-to-face sessions in groundbreaking formats that honour the essence of the Hub in attracting, fostering and nurturing talent. We see Universitas and its technologies as a world reference"

José María Álvarez-Pallete, president of Telefónica

People want flexibility between in-person and remote participation and need to feel represented and engaged in both settings.

At Hybridium, we understand that sometimes 'just another Teams or Zoom' simply doesn't cut it. As specialists in hybrid auditorium technology for the last decade, we help organisations catapult engagement and competitiveness to the next level.

Hybridium's large scale video and hologram wall unites participants for exceptionally immersive and engaging hybrid collaboration, training and events, and is designed for:

- **Immersive engagement** – ultra-low latency at ultra-high resolution
- **Full video wall layout flexibility** – any content of any screen
- **In-person and remote delegate parity** – neither group should feel second class
- **Driven engagement** – facilitating interactions, capturing reactions, uniting hybrid audiences
- **Event persistence** – content and video wall layout continuity for recurring sessions
- **Session analytics** – attendee interactions tracked providing valuable event insights

Continued execution on our strategic transition

"The post pandemic workplace has shone a spotlight on hybrid communications solutions"

Steve Flavell and Michael Hughes

FY2021 has been a challenging year for the Group, as it has been executing on a strategic transition to grow its forward-looking hybrid communications lines of business – Cloud Telephony and Hybridium – as its Remote Meetings line of business declines.

The post pandemic workplace has shone a spotlight on hybrid communications tools that are equally secure and effective in the office, at home and on the road.

The Group has two exciting solutions in hybrid communications:

- **Cloud Telephony (LoopUp) –** enabling next generation phone calls to and from work phone numbers independently of the user's physical location, and in LoopUp's case, enabling multinational enterprises to buy telephony globally from one service provider as opposed to multiple telecommunications carriers; and
- **Hybrid Auditorium Technology (Hybridium) –** enabling large scale collaboration and events (20-150 people in room and 20-150 people remote) for events such as company town halls, management onsites/offsites, team kick-offs, capital markets days, product launches, corporate training and external thought leadership events.

By contrast, the Group's Remote Meetings business has been declining in the post pandemic environment as enterprises progressively embrace more holistic Unified Communications (UC) platforms, such as Microsoft Teams, which incorporate meetings functionality.

Overall, FY2021 Group revenue was £19.5 million (FY2020: £50.2 million) and adjusted EBITDA was £1.2 million (FY2020: £15.3 million), declines which were exaggerated by the material Q2/Q3 2020 spike in Remote Meetings business at the onset of the COVID-19 pandemic, which peaked at over £7 million per month in each of March and April 2020.

We continue to manage our business operations carefully to preserve cash during this strategic transition and are excited by the forward-looking growth potential of both Cloud Telephony and Hybridium.

Strong commercial momentum in Cloud Telephony

In Q3 2020, the Group announced the launch of its Cloud Telephony solution, integrated into Microsoft Teams, which 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. LoopUp's differentiated platform enables multinational enterprises to consolidate their telephony provision globally with one vendor partner – LoopUp – rather than from multiple geographic-specific carriers.

Following 31 new Cloud Telephony contract wins during FY2021 – the Group's first full year of trading since the launch of its solution for Microsoft Teams – the Group has added 16 additional new contract wins as at 7 June 2022. This performance places the Group on track to meet its full year target of securing 50 additional contract wins during the full year.

In aggregate, these 47 contract wins – 31 in FY2021 and 16 in FY2022 to date – represent:

- Minimum Annual Recurring Revenue (ARR) of c.£0.8 million and minimum Total Contract Value (TCV) of c.£3.1 million, based on minimum contracted levels;
- Expected ARR of c.£1.9 million and expected TCV of c.£6.2 million, based on expected rollout levels, where LoopUp has relatively strong visibility of customer intent based on conversations, planning and pricing; and
- Potential ARR of c.£4.4 million and potential TCV of c.£13.8 million, based on identified potential rollout levels but where LoopUp currently has less clear visibility of customer intent.

In addition to the 47 contract wins, the Group's sales pipeline of potential new Cloud Telephony opportunities continues to grow and now stands in excess of £100 million of additional potential ARR, of which 15% is at written proposal stage or later.

Operationally, all customer deployments to date have been successful, and all rollouts are progressing positively.

We are excited by the potential of our differentiated solution in this large market, which is forecast to grow to c.£29 billion by 2025 (source: Gartner 2022).

Acquisition of SyncRTC, since rebranded to Hybridium

In October 2021, the Group acquired SyncRTC Inc., a hybrid auditorium technology company, at an enterprise value of c.£3.3 million, which the Group has since rebranded to Hybridium (www.hybridium.com).

The acquisition stemmed from the Group's longstanding relationship with SyncRTC CEO, Victor Sanchez, who founded the company in 2013. Following the acquisition, Victor has taken on the combined role of President of Hybridium and LoopUp Group CTO.

Hybridium combines video wall and hologram technology, bringing unrivaled engagement and analytics to larger scale hybrid education, corporate training and events such as management onsites, departmental kick-offs, capital markets days and thought leadership seminars. Events with Hybridium benefit from ultra-low latency at ultra-high resolution, with full video wall layout flexibility facilitating any content on any screen.

In April 2022, Hybridium signed a landmark deal with Telefónica, who is deploying the solution at 'Universitas', its global innovation and talent hub, located at its Madrid headquarters in Distrito Telefónica. The initial 2-year contract with Telefónica is for a minimum value of approximately EUR 200,000, with potential for expansion and extension.

José María Álvarez-Pallete, president of Telefónica, commented, "Universitas is at the heart of our objective to turn Telefónica's headquarters into a complete and avant-garde technological, disruptive, training and creative ecosystem, and we are delighted to partner with Hybridium in this endeavour. Hybrid classes will leverage Hybridium's technology, combining virtual and face-to-face sessions in groundbreaking formats that honour the essence of the Hub in attracting, fostering and nurturing talent. We see Universitas and its technologies as a world reference."

Business priorities and looking ahead

The Group is focused on the following business priorities during FY2022:

Cloud Telephony: driving the next stage of commercial traction
Continuing the rapid flow of new opportunities into the sales pipeline; developing the weighting of pipeline 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;

Cloud Telephony: introducing highly scalable strategic distribution partnerships
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;

Hybridium: extending distribution into the enterprise market
Moving beyond Hybridium's existing customer base in education, and leveraging the post pandemic enterprise demand for communications tools that can drive communications, learning and engagement in the hybrid workplace; and

Hybridium: introducing LoopUp-managed hybrid events in London
Extending the Group's long-established virtual events business by launching a managed hybrid events capability, initially as a proof of concept in London.

Looking ahead, we are excited about the potential of our forward-looking hybrid communications lines of business – Cloud Telephony and Hybridium. We are firmly focused on their market success and growth, while leveraging the cash generation of our declining Remote Meetings business. This transition will extend into FY2022, as the Group continues to manage its operations to preserve cash while turning the corner back towards strong and sustainable medium term growth.

Steve Flavell
Co-CEO

Michael Hughes
Co-CEO

Growing our hybrid communications lines of business - Cloud Telephony and Hybridium

PRIORITY	EXPLANATION
1. CLOUD TELEPHONY BUSINESS GROWTH	Building scalable and efficient routes to market
2. HYBRIDIUM BUSINESS GROWTH	Building scalable and efficient routes to market

ACHIEVEMENTS	OUTLOOK
• Rapid development of Cloud Telephony pipeline, reaching an estimated £72 million of potential Annual Recurring Revenue (ARR) by the end of 2021 • Closed 31 enterprise contracts in 2021 • All deployments successful and all rollouts progressing positively	• Targeting 50 additional enterprise contract wins in 2022 • Enter into strategic partnership discussions for indirect distribution of Cloud Telephony • Continue to develop and widen LoopUp's product differentiation for its multinational target market • Seek cross sale opportunities from Hybridium customers
• Acquired SyncRTC in October 2021 • Effective integration of the business into the LoopUp Group structure • Reformulated go-to-market strategy to target the multinational enterprise market alongside Hybridium's existing education market	• Targeting 8 contract wins in 2022 • Launch of a London facility for LoopUp-managed events • Continue to develop Hybridium's product differentiation • Seek cross sale opportunities from LoopUp Cloud Telephony customers

> Our primary growth markets are in transition, but our focus on teamwork remains steadfast."

Steve Flavell
Co-CEO

The excellence of our employees has always been, and remains, the Group's primary asset, even as we transition into new growth markets.

Notwithstanding the COVID-19 pandemic and the new ways of working, teamwork has always been at the heart of LoopUp's culture. Each employee is keen to do their part, and collectively employees galvanise to drive success for the company and each other. It is this deep-rooted team culture that differentiates our products and service to customers in our markets.

Our 5 pillars

During 2021, our People and Culture Team has refocused efforts around 5 key pillars which support our culture and values:

1. **Reward and recognition –** rewarding individuals and teams for demonstrating our values
2. **Learning and Development –** encouraging the development and sharing of skills amongst employees, and supporting those driven to be industrious, ambitious, innovative and curious
3. **Wellbeing –** looking after our employees, ensuring equity, respect, opportunity and wellbeing
4. **Corporate Social Responsibility –** acting with integrity for our employees, shareholders, stakeholders and the wider community.
5. **Social –** ensuring we have fun along the way.

Equity incentive schemes

As part of this focus we aim to develop, motivate and reward our employees. In July 2021, we launched the LoopUp Employee Share Incentive Scheme (ESIS), whereby employees can choose to sacrifice a percentage of their base salary in return for equity in LoopUp. The scheme has been highly successful with approximately 80 employees taking part.

In addition, the company has continued to use the approved share options schemes to incentivise and retain key employees. The directors consider these schemes as a great way to reward employees, while aligning their interest with the company and all shareholders.

KEY STATS

Employees (at year end)

202

Female employees

46%

Percent of employees currently with over 2 years' service

86%

Our values

ACTING WITH PROFESSIONALISM

- Being accountable and reliable
- Displaying professionalism
- Acting with integrity

DEMONSTRATING A ‘ONE TEAM’ ATTITUDE

- Treating others with trust and respect
- Being collaborative, helpful and supportive
- Making the job fun

DISPLAYING A PASSION FOR RESULTS

- Being industrious, determined and ambitious
- Taking ownership and being a self-starter
- Being innovative, curious and agile
- Focusing on business outcomes and taking a lean approach

New ways of working

We promptly introduced home working for all our offices as lockdown measures were introduced in most countries in March 2020 and have continued to act in the best interests of our employees’ health and our customers’ quality of service.

Staff are well equipped and able to work efficiently remotely, making the most of the technology available. With the pandemic lasting longer than any of us imagined, motivation and engagement of employees has been paramount, especially during a time of uncertainty.

Regular communications from our co-CEOs, Executive Leadership Team and senior management team have served to reassure, support and connect colleagues while they were distanced from one another. We are currently working in a hybrid mode, with choices being driven by the needs of each team to drive productivity, the specific situation and preferences of individuals, and the company’s need to retain effective communications and guiding culture.

Focusing on the environment, our communities and our future

We recognise that we have a responsibility to our employees, to the communities in which we work, and to our planet.

At LoopUp, we consider Corporate Social Responsibility (CSR) as an intrinsic part of our business. We are committed to:

- promoting equality and social mobility;
- reducing the impact of our activities on the environment; and
- supporting entrepreneurial activities.

We contribute through a combination of charitable giving, volunteering and mentorship, and we collaborate with charities, not-for-profit organisations and community groups.

A spotlight on the Silicon Valley Internship Programme (SVIP)

The Silicon Valley Internship Programme (SVIP) was founded by LoopUp's co-CEO, Michael Hughes, in 2013. Michael works with a group of volunteers who want to give back to the entrepreneurial community with a view to spreading innovation, diversity, and entrepreneurship around the world.

The program gives newly graduating software engineering students (and related disciplines) the unique experience of working with tech companies in the San Francisco Bay Area through a one-year paid internship.

The aim is that through this experience, SVIP interns will pick up and bring back a little bit of the Silicon Valley culture to the entrepreneurial community in their home countries. Successful applicants are matched with a tech company in the Bay Area and will work as an integral part of that engineering team.

SVIP arranges for US work visas, provides flights to and from San Francisco, and organises the first month's accommodation. During the programme, SVIP hosts regular 'Meet the Entrepreneur' and 'Hackathon' events, which take the participants through the company formation process from idea to revenue.

SVIP places into small to medium sized high growth software companies, ranging from enterprise software to consumer offerings, and even tools for developers. SVIP interns gain hands-on experience of day-to-day Silicon Valley life, and that can sometimes mean shoes in the office being optional or high-level meetings conducted over a game of ping pong.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Group usage of energy varies by office location and is a combination of:

- being metered and paid for by the Group as consumed; and
- being pooled across all building tenants and paid for by the Group as part of a service.

Energy consumption across the Group has been estimated by calculating electricity usage per employee in our main London office, where data is available for energy directly consumed. This electricity usage per employee figure has then been applied to all employees in the Group.

The greenhouse gas emissions have been calculated using a conversion factor of 0.212 tCO_2e per MWh. This is the greenhouse gas conversion factor recommended by the UK Government for company reporting purposes.

The Group has no significant energy consumption which falls into scope 1.

LoopUp energy consumption data, 2021

	UK	International	Total
Energy consumption (MWh)	106	71	177
Scope 2: (tCO_2e)	22.5	15.0	37.5
Employees	121	81	202
tCO_2e per employee	0.19	0.19	0.19

In 2021 the Group continued its actions to reduce energy consumption and greenhouse gas emissions. These include increasing the number of employees that work remotely for some or all of the week, rather than being present in the office. As a result, the Group closed a number of its offices in favour of continued remote and hybrid working, resulting in reduced energy consumption as well as reduced costs. Furthermore, the Group continued to reduce the need for employees to travel, especially on international trips.

A year of transition

After an extraordinary 2020, it is pleasing to see the Group's strategic transition progressing well"

Simon Sacerdoti

During 2021, the Group has made good progress in its strategic transition towards hybrid communications and collaboration, which began in the latter part of 2020 with the launch of its Cloud Telephony product for Microsoft Teams and the acquisition of SyncRTC (rebranded as Hybridium in 2022) in October 2021 added to the Group's product offerings.

Operating results

With the acquisition of SyncRTC Inc in 2021 (since rebranded to Hybridium), the Group has added a new revenue stream hybrid auditorium technology. The segmental reporting now considers the following segments:

- Revenue from our Cloud Telephony, Remote Meetings and Managed Events capabilities, all delivered on LoopUp's global technology platform, is categorised as LoopUp Platform Capabilities ("LPC");
- Revenue from the provision of hybrid auditorium technology is categorised as 'Hybridium'; and
- Revenue from the resale of Cisco WebEx Meetings is categorised as 'third party resale services'.

Revenue

£19.5m

FY2020: £50.2m

Adjusted EBITDA

£1.2m

FY2020: £15.3m

2020 was an exceptional year due to the global lockdown having a hugely positive, but relatively short-lived impact on revenues. While revenue spiked in Q2 and Q3 2020, a steady decline then set in as enterprises progressively moved to more holistic Unified Communications platforms, such as Microsoft Teams, rather than using discrete meetings products. Relative to that high point, 2021 revenue from LPC decreased by 65% to £14.8 million (2020: £43.0 million), and revenue from third party resale services declined by 38% to £4.4 million (2020: £7.2 million).

Included in the LPC figures is £0.74 million of Cloud Telephony revenue, for which 2021 was the first year of trading (excluding the Group's legacy cloud telephony capability for Skype for Business).

The Group's overall gross profit decreased by 62% to £13.5 million (2020: £35.6 million), representing a gross margin of 69.0% (2020: 70.9%). This slight decrease of two percentage points reflects a change in mix between LPC and lower margin third party resale services.

The gross profit on LPC business fell by 65% to £11.7 million (2020: £33.5 million), at a slightly improved gross margin of 79.1% (2020: 77.8%).

The adjusted operating expenses of the Group in 2021 were reduced by 39% on 2020 levels at £12.3 million (2020: £20.3 million). Management and the Board have actively managed costs in line with the reduced revenues, and this has included reorganising staffing levels where necessary. Furthermore, the Group's performance in 2020 gave rise to a large bonus accrual, which was not the case in 2021.

Assets and Cash Flow

The Group has reassessed the carrying value of its intangible assets as at 31 December 2021, which has led to an exceptional impairment charge of £19.6 million in respect of the customer relationships asset that arose on the acquisition of MeetingZone in 2018. The majority of the customers represented by this asset were Remote Meetings and Managed Events customers, and the decline in those lines of business has resulted in: (1) this asset needing to be impaired; and (2) the amortisation period being revised down to 6 years from the original 15 years. This does not apply to the goodwill recognised on the same acquisition, as the technological, telecommunications and operating platform acquired is a key part of the Group's Cloud Telephony offering going forward.

The Group had an operating cash outflow after capital expenditure of £11.4 million (FY2020: £11.4 million inflow). This was partly offset by the proceeds of a placing in October 2021 which raised £8.85 million and enabled a prepayment of £4.1 million of term debt in addition to the £1.7 million that was scheduled.

Net debt has risen to £2.4 million as at 31 December 2021 (2020: £0.7 million).

In 2018, the Company entered into a term loan with Bank of Ireland for £17.0 million, which has since reduced to £6.76 million as at 31 December 2021, following an additional repayment of £4.10 million following the Group's £8.85 million placing in October 2021 (balance at 31 December 2020: £12.75 million). Since the year-end, the Group has successfully renegotiated and amended this senior debt with Bank of Ireland to reflect the Group's ongoing strategic transition plan. Key elements of the amended arrangements include:

- a holiday on planned principal repayments through to June 2023, representing £1.7 million in aggregate deferred payments;
- a margin increase of 2.0 percent, taking the total interest rate to 4.5 percent above the Sterling Overnight Index Average (SONIA);
- continuation of the Group's undrawn revolving credit facility of £1.5 million;
- an extension of the term through to September 2023; and
- a revised set of financial covenants which are more concerned with sufficient ongoing cash liquidity and the growth objectives for Cloud Telephony and Hybridium in the Group's transition business plan.

Due to the reduced scale of the business since the high point in 2020, the Group's management and Board have carefully reviewed both near and mid-term cash forecasts and are comfortable with the Group's application of the going concern basis of accounting.

Key performance indicators

As the Group is in a state of strategic transition, the key performance indicators (KPIs) used by management to monitor the business are being developed in line with the transition. The financial indicators currently being used by management to monitor performance align closely with the performance highlights set out on page 2. There are no non-financial KPIs used by management, and accordingly, the Group does not report any non-financial KPIs in this report.

Simon Sacerdoti
CFO

As with any business, the Group is subject to a number of risks and uncertainties, some of which are outside of our control. The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks facing the Group. The processes are consistent, so far as appropriate given the size and nature of the business, with the guidance issued by the Financial Reporting Council.

Below, we have identified the principal risks and uncertainties which could have an adverse material impact on the Group. This list is not exhaustive and it should be noted that additional risks, which the Group does not consider material, or of which it is not aware, could have an adverse impact on the Group.

PRINCIPAL RISK OR UNCERTAINTY	IMPACT	MITIGATION
COMPETITION AND TECHNOLOGICAL CHANGE	The Group operates in dynamic software technology and telecommunications markets, which may be subject to material change in terms of customer demand and substitutional technology. The Group's primary competitors are, in many cases, significantly larger enterprises with greater financial and marketing resources. There can be no guarantee that the Group's current competitors or new entrants to the market will not bring new or superior technologies, products or services at similar or lower prices.	While certain products in the Group's portfolio may experience threat and decline due to competition and technological change from time to time, the Group maintains a policy of active product development and, if appropriate, technology acquisition that can promote long term business sustainability. In 2021, the Group invested materially in its Cloud Telephony growth line of business, and acquired SyncRTC as a further growth line of business in hybrid auditorium technology.
PEOPLE	Difficulties encountered in retaining senior staff and recruiting appropriate employees, and the failure to do so, or a change in market conditions that renders current incentivisation structures lacking, may hinder the Group's ability to grow.	The Group always seeks to ensure that it has appropriate incentivisation structures in place to attract and retain the calibre of employees necessary to ensure the efficient management, operation and growth of the business.
KEY SYSTEM FAILURE OR DISRUPTION	Any malfunctioning of the Group's technology and systems, or those of key third parties, even for a short period of time, could result in a lack of confidence in the Group's services, with a consequential material adverse effect on operations and results.	The Group regularly reviews the appropriate redundancy and resiliency in its network operations, is ISO 27001 certified across its global operations, and has implemented a sophisticated Service Event Response Team (SERT) with detailed processes and procedures for responding to any size or type of service outage or disruption. Members of the SERT are located around the world, enabling 24x365 coverage.

Key

Increased | Decreased | Unchanged

PRINCIPAL RISK OR UNCERTAINTY	IMPACT	MITIGATION
PRODUCT DEVELOPMENT	New capabilities and enhancements introduced into the Group's products may contain undetected defects that fail to meet customers' performance expectations or satisfy contract specifications, and this may impact the Group's results and reputation.	All product releases are put through rigorous quality assurance cycles, followed by internal user acceptance testing before release to customers in a considered and organised rollout strategy. Care is also taken to be able to 'roll back' to previous versions of the product whenever practically possible.
INTELLECTUAL PROPERTY	Challenges to the Group's intellectual property or alleged infringements of others' intellectual property, by either competitors or other third parties, could result in costs, liabilities and operational uncertainties for the Group and there can be no guarantee as to the outcome of any such challenge or associated litigation. The Group also licenses software from third parties and the Group's continuing rights to do so cannot be guaranteed.	The Group is aware neither of any challenges to its intellectual property, including its three granted patents, nor of any infringements to others' intellectual property. We maintain an active policy regarding patents and trademarks as appropriate. We strive to maintain robust contracts with any key software licensed from third parties, and are aware of and informed about alternative sources of supply as necessary.
FOREIGN EXCHANGE	Given the Group's material US sales and operations, fluctuations in foreign currency exchange rates could have a material effect on the Group's revenue and profitability, and there can be no guarantee that the Group would be able to compensate or hedge against such effects.	The Group's costs and revenues in US Dollars are broadly aligned, providing a natural hedge. This position is monitored continually by management.

We believe that proactively engaging with, and acting on the needs of, our key stakeholders is critical to a culture and strategy that achieves long-term sustainable success

The Board identifies the following as its key stakeholders, and it is committed to effective engagement with them to promote the success of the company for the benefit of each group:

Shareholders
Our aim is to promote long term value and growth to our shareholders. Through our AGMs, Capital Markets Days (from time to time), investor meetings and other discussions with our shareholders, we are able to communicate effectively with this group to help shape our commercial strategy. Please see our Corporate Governance Report on pages 26 to 33 for further information.

Employees
We are committed to investing in our people and creating an environment where every employee can reach their full potential. We regularly communicate with our employees via face-to-face meetings, employee surveys as well as team and company-wide meetings. Such communication drives the process on how we can support our employees reaching their potential. Please see the section on Our People and Culture on pages 12 and 13 and our Corporate Governance Report on pages 26 to 33 for further information.

Customers
We pride ourselves on providing a reliable, secure and productive service to customers for business-critical communications. As well as the day-to-day contact from our Account Managers with customers we also seek feedback at the end of each call via LoopUp and host product advisory sessions. This information shapes how we innovate and develop our services. Please see pages 4 to 7 and our Corporate Governance Report on pages 26 to 33 for further information.

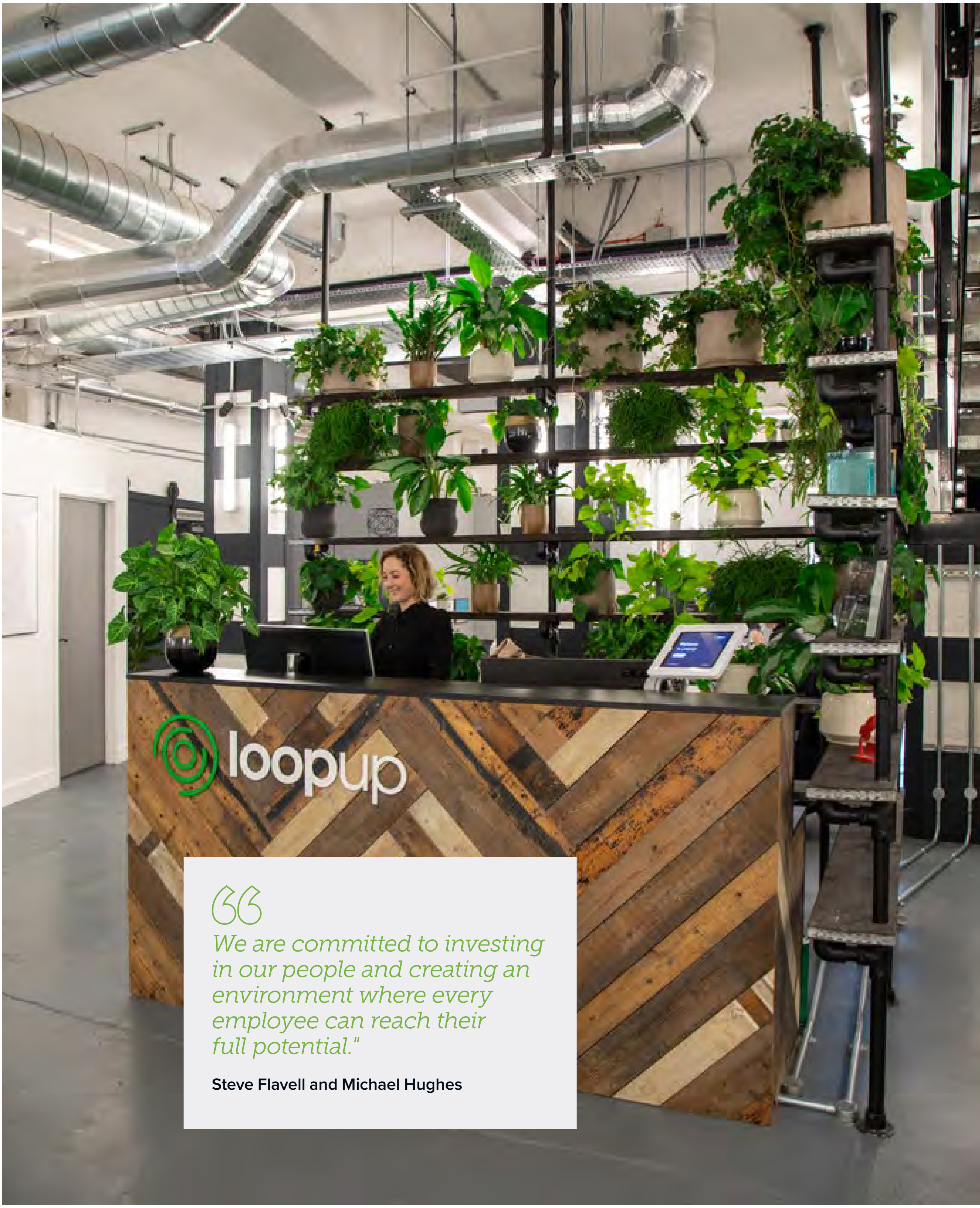
Community
We believe in making a commitment to the communities we live and work in, to our planet and to society more broadly. Please see our Corporate Social Responsibility section on pages 14 and 15 for further information.

Relevant information obtained from our key stakeholders is provided to the Board through reports sent in advance of each Board meeting and through in-person presentations. As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

This strategic report was approved by the Board of Directors and authorised for issue on 25 July 2022.

It was signed on their behalf by:

Steve Flavell
Co-CEO
25 July 2022



"We are committed to investing in our people and creating an environment where every employee can reach their full potential."

Steve Flavell and Michael Hughes

Non-Executives

Mike Reynolds
Independent Non-Executive Director and Non-Executive Chairman

Mike most recently held the position of EVP at Syniverse Technologies, before which he served as CEO of 2degrees Mobile. Prior to 2degrees Mobile, Mike spent more than seven years in a variety of senior positions, including President at Singapore listed network operator, StarHub. As President, he was responsible for the day-to-day operations of 2,800 employees and US$1.4bn of revenue.

Previously, Mike spent 24 years at BellSouth, which included appointments as President of BellSouth China and CEO of BellSouth International Wireless Services.

Mike has BBA and MBA degrees, both from the University of Georgia.

A R N

Keith Taylor
Independent Non-Executive Director

Keith has extensive experience in finance having operated in the industry for over 30 years. He worked for Barclays for over 20 years, most recently as a Managing Director within the Corporate & Investment Bank. He has also served as a Vice Chairman and Board Member of the Loan Market Association.

Additional Board experience includes several years as a Trustee Director of the Barclays UK Retirement Fund (one of the largest UK pension funds). Keith has a first-class honours degree from Cambridge University and an MBA with distinction from Bayes Business School.

A R N

Nico Goulet
Non-Executive Director

Nico is a managing partner at Adara Ventures where he has managed venture capital funds for the last 20 years. Nico has been actively involved with more than 40 early-stage ventures and served on the boards of 30 companies.

Prior to Adara, Nico was a partner at Monitor Company. Nico has a BSc degree in Aerospace Engineering from the École Centrale de Paris, an MSc in Aeronautics & Astronautics from MIT, and an MBA from INSEAD.

A R

Executives

Steve Flavell
Co-CEO

Steve co-founded LoopUp alongside Co-CEO Michael Hughes. Based in London, Steve oversees global commercial and investor relations activities, and is accountable for setting and delivering the Group's financial plan. Prior to LoopUp, Steve was EVP and main board Director at GoIndustry, an online industrial auctioneering platform, where as part of its founding team, Steve was involved in the company's organic growth and several acquisitions.

Previously, Steve spent time at Monitor Company, Mars & Co, and Mobil Oil.

Steve has an MBA from Stanford and an MEng/BA Hons from St. John's College, Cambridge.

N

Michael Hughes MBE
Co-CEO

Michael co-founded LoopUp alongside Co-CEO Steve Flavell. Based in San Francisco, Michael oversees the Group's product development, engineering and network operations worldwide. Prior to LoopUp, Michael was a founding member and CEO of Pagoo, a pioneering VoIP company, overseeing the company's expansion into Europe and Asia.

Prior to Pagoo, Michael was a strategy consultant with Monitor. Michael has an MEng from Imperial College, an MBA from Stanford as an Arjay Miller Scholar, and was awarded a Sainsbury Management Fellowship by the Royal Academy of Engineering.

Michael was made a Member of the Order of the British Empire (MBE) in Her Majesty's 2017 New Year's Honours List for services to graduate development via the Silicon Valley Internship Programme.

Key to Committees

A Audit

R Remuneration

N Nomination

I am confident in our ability to manage the transition

The team is executing well on our transition and growth of our forward-looking lines of business"

Mike Reynolds

In my Chairman's Statement last year, I spoke of the beginning of LoopUp Group's strategic transition from a single capability remote meeting business into a broader cloud-platform based, hybrid communications solutions company. The strategic transition had already begun with the launch of our Cloud Telephony solution in the third quarter of 2020. I also stated in my Statement that 2021 will "inevitably be a transitional year", and it has been just that!

When a company undertakes a strategic transition of this magnitude, it will always face significant challenges, but also great opportunities. We have seen both in 2021. Some challenges are a natural part of such a transition, and others are a part and parcel of anticipating and reacting to a world transitioning out of COVID-19 as our clients try to solve the puzzles of operating in a post-pandemic work environment.

The team is executing well on our transition and growth of our forward-looking lines of business. In addition to strong momentum in Cloud Telephony we have added a second new line of business of Hybrid Auditorium Technology. This was one of the opportunities discussed above, coming to fruition in October 2021 when the Group acquired SyncRTC, since re-branded as Hybridium. Hybridium combines video wall and hologram technology enabling large scale collaboration and events such as company town halls, capital market days, corporate training and many others use cases.

While challenging, LoopUp Group's decision to undertake its strategic transition is proving to be prescient. Cloud Telephony market value is forecast to be £29 billion by 2025 (source: Gartner 2022) and we are well positioned to succeed in that space. Hybridium is leading edge and represents solutions in a post pandemic world to allow large groups of people to communicate, learn and engage. We see both areas having tremendous growth opportunities for the Group.

While our Remote Meetings business has been declining in the post pandemic environment as enterprises embrace more holistic Unified Communications platforms such as Microsoft Teams, Remote Meetings continues to contribute value to the Group as we progress our strategic transition and compete in the high growth hybrid communications world.

In 2022 we are laser-focused on accelerating the already strong growth of Cloud Telephony and establishing Hybridium across multiple customer segments, achieving both while leveraging the cash generation of Remote Meetings. We are excited about the Group's potential and continue to be focused on its growth and success.

I continue to count on the support of the strong and committed members of our management team and Board of Directors.

Mike Reynolds
Chairman
25 July 2022

Committed to high standards of corporate governance

A note on corporate governance

The Board recognises the importance of, and remains committed to, the maintenance of high standards of corporate governance. Through these high standards, it is the Board's aim to deliver growth, maintain a dynamic management framework and build trust – such matters being key ingredients to delivering long-term sustainable performance.

After due consideration, the Board continues to report against the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). The following Statement of Compliance sets out in broad terms how we comply at this point in time against the ten principles set out in the QCA Code. The Board shall review and update this Statement of Compliance periodically as the business progresses.

The composition of the Board was considered carefully prior to the Group's admission to AIM in 2016 to ensure an appropriate mix of skills and experience and again in light of the acquisition of MeetingZone in 2018, the acquisition of SyncRTC in 2021 and various Board changes. The Board holds its strategic decision-making meetings remotely or in various Group offices, taking the opportunity to meet with members of both the Executive Team and wider senior management team, building their knowledge of the business.

We remain of the opinion that LoopUp creates significant value for its customers by delivering a premium cloud platform with differentiated and specialist communications capabilities, which we continue to innovate and improve.

QCA Code Statement of Compliance

Delivering growth

Principle	Application	Compliance
1. Establish a strategy and business model which promote long-term value for shareholders.	The Board must be able to express a shared view of the Group's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the Group intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the Group from unnecessary risk and securing its long term future.	The Group's strategy is focused on commercialising the value created through its cloud platform for specialist enterprise communications. Platform capabilities are carefully selected on the basis of being differentiated from and complementary to those found in foundational unified communications platforms, such as Microsoft Teams. Critical platform capabilities currently comprise: • 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 • Managed Events and Webcasts: primarily focused on a premium end-to-end experience for hosts and coordinators of important virtual corporate events which has been significantly enhanced following the acquisition of SyncRTC in 2021 Details of the Group's strategic priorities are set out on pages 10 and 11. The principal risks and uncertainties to the Group (including how they are mitigated) are detailed on pages 18 and 19.
2. Seek to understand and meet shareholder needs and expectations.	Directors must develop a good understanding of the needs and expectations of all elements of the Group's shareholder base. The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	The Board aims to respond promptly and suitably to shareholder enquiries and comments. The Board periodically meets with the Group's major shareholders and takes on feedback from such meetings. Shareholders are invited to participate at the Group's AGMs and are encouraged to continue any discussion of the Group's activities following the conclusion of the formal AGM agenda. All queries should be directed to the Company Secretary.

Principle	Application	Compliance
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.	Long-term success relies upon good relations with a range of stakeholder groups both internal (workforce) and external (suppliers, customers, partners, regulators and others). The Board needs to identify the Group's stakeholders and understand their needs, interests and expectations. Where matters that relate to the Group's impact on society, the communities within which it operates or the environment have the potential to affect the Group's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the Group's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.	The Group endeavours to keep in regular contact with its customers, partners and key suppliers. LoopUp constantly monitors functionality of its cloud communications platform and prides itself on one of the best service levels in relation to uptime of services in the comparable market. In addition, there is an ability to rate every LoopUp remote meeting call, enabling us to review and improve our services. Additionally, we have dedicated Service Delivery managers to provide clarity and assistance wherever required by our customers. The Group is active, both financially and in terms of participation, in wider areas of corporate responsibility, such as promoting equality in both its workplace and the communities in which it operates. The Board is well advised by its Nomad and maintains regular contact with other key stakeholders, which enables the Group to evaluate and mitigate risks or act on opportunities when they arise.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.	The Board needs to ensure that the Group's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; the Group needs to consider its extended business, including the Group's supply chain, from key suppliers to end-customer. Setting strategy includes determining the extent of exposure to the identified risks that the Group is able to bear and willing to take (risk tolerance and risk appetite).	The Board considers risk and uncertainties at each Board meeting. The Board meets at least quarterly, however in practice will meet much more frequently. Such meetings are typically held remotely. The Board, together with the Executive Leadership Team and senior management, is responsible for reviewing and evaluating risks. Additionally, the Information Security Management Team (ISMT) meets quarterly and assesses risks relating to information security. A sub-committee of the ISMT also meets every month to review and update the information security risk register. The Group is ISO 27001 accredited. The principal risks and uncertainties to the Group (including how they are mitigated) are detailed on pages 18 and 19 of this Report.

Maintaining a dynamic management framework

Principle	Application	Compliance
5. Maintain the Board as a well-functioning, balanced team led by the chair.	The Board members have a collective responsibility and legal obligation to promote the interests of the Group, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board. The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The Board should have an appropriate balance between the executive and Non-Executive Directors and should have at least two independent Non-Executive Directors. Independence is a Board judgment. The Board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfil their roles.	The Board is responsible for the long-term success of the Group. It sets strategic objectives and oversees implementation within a framework of prudent and effective controls, ensuring that only acceptable risks are taken. It provides leadership and direction and is responsible for the corporate governance and overall financial performance of the Group. The Board comprises two Executive Directors and three Non-Executive Directors (including the Chairman). Two of the Non-Executive Directors are considered by the Board to be independent and are free to exercise independence of judgement. Each of the Audit Committee and Remuneration Committee comprises three Non-Executive Directors, of which two are deemed independent. Membership of the Nomination Committee comprises two independent Non-Executive Directors and one executive director. The Board and each of its committees receive regular and timely reports on the Group's operational and financial performance. Board packs are circulated in advance of each Board meeting and minutes reviewed and approved following each meeting. The Board has direct access to the advice and services of the Company Secretary and General Counsel, and is able to take independent advice, if required. The Board considers that each Director has suitable knowledge and experience to guide the Group in its strategic aims. Details of Board and committee composition, together with attendance records, are set out on page 32 onwards.

Principle	Application	Compliance
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition. The Board should not be dominated by one person or group of people. Strong personal bonds can be important but also divide a board. As companies evolve, the mix of skills and experience required on the Board will change, and Board composition will need to evolve to reflect this change.	The primary purpose of the Nomination Committee is to lead the process for Board appointments and to make recommendations to the Board to achieve the optimal composition. The Board believes it is important to reach the correct balance of skills, experience, independence and knowledge of the Board. All Board appointments are made on merit and with the aim of achieving a correct balance. The Group has formal policies in place to promote equality of opportunity across the whole organisation, and training is provided to assist with this and to increase awareness. The Board operates in a highly collaborative manner, and having two Co-CEOs helps to provide balanced executive input. Further details about each of the directors can be found on the investor page of the LoopUp website, and on page 22 onwards of this report.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual Directors. The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual Directors or the wider senior management team. It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for boards. No member of the Board should become indispensable.	The performance of the Board is evaluated on an ongoing basis with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings are conducted and administered (including the content of those meetings); the effectiveness of the various committees; whether corporate governance issues are handled satisfactorily; and whether there is a clear strategy and objectives. The Co-CEOs' performance is appraised by the Chairman. The Chairman is appraised by the other Non-Executive Directors, and the other Non-Executive Directors are appraised by the Chairman.

Maintaining a dynamic management framework continued

Principle	Application	Compliance
8. Promote a corporate culture that is based on ethical values and behaviours.	The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the Board should be visible in the actions and decisions of the chief executives and the rest of the management team. Corporate values should guide the objectives and strategy of the Group. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Group. The corporate culture should be recognizable throughout the disclosures in the annual report, website and any other statements issued by the Group.	The Board reviews the Group's statement that embodies its culture and values, and means of communicating and instilling these values broadly across the organisation. The Group's key cultural values include: • Teamwork and being collaborative, helpful and supportive; • Treating others with respect; • Acting with integrity, honesty and openness; • Displaying professionalism; and • Taking ownership and being reliable and accountable. Further details about our people, culture and corporate social responsibility strategy are set out from page 12.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	The Group should maintain governance structures and processes in line with its corporate culture and appropriate to its: (i) size and complexity; and (ii) capacity, appetite and tolerance for risk. The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Group.	Details of the governance structures of the Group are set out from page 32 onwards.

Building trust

Principle	Application	Compliance
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Group. In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base. This will assist: (i) the communication of shareholders' views to the Board; and (ii) the shareholders' understanding of the unique circumstances and constraints faced by the Group. It should be clear where these communications practices are described (annual report or website).	The Board aims to respond promptly and suitably to all shareholder enquiries and comments. The Board periodically meets with the Group's major shareholders and takes on any feedback from such meetings. All shareholders are invited to participate at the Group's AGMs and encouraged to continue any discussion of the Group's activities following the conclusion of the formal AGM agenda. Reports from the Audit Committee, Nominations Committee and Remuneration Committee are set out from page 34 onwards.

Board composition

The Board currently comprises two Executive and three Non-Executive Directors (including the Chairman). Simon Healey resigned as director in December 2021. The composition of the board will be further considered in 2022.

Mike Reynolds and Nico Goulet remained in place from the pre-IPO Ring2 Communications Board, with the former being considered independent. Keith Taylor was appointed as an Independent Non-Executive Director in 2019.

Steve Flavell and Michael Hughes were co-founders of the Group in 2003, and have both served on the Board since that time.

Board meetings and attendance

The Board meets at least quarterly, with meetings generally being held remotely. The table below shows the attendance at Board meetings during the year.

	Board meetings	
	Possible	Attended
Non-Executive Directors		
Mike Reynolds	9	9
Nico Goulet	9	9
Keith Taylor	9	9
Executive Directors		
Steve Flavell	9	9
Michael Hughes	9	8
Simon Healey	9	8

	Committee meetings					
	Audit		Remuneration		Nomination	
	Possible	Attended	Possible	Attended	Possible	Attended
Mike Reynolds	3	3	2	2	1	1
Nico Goulet	3	3	2	2	–	–
Keith Taylor	3	3	2	2	1	1
Steve Flavell	3	3*	2	2*	1	1
Michael Hughes	–	–	2	2*	–	–
Simon Healey	3	3*	–	–	–	–

* Not a Committee member, but attended by invitation.

Board responsibilities

The Board is responsible for the long-term success of the Group. It sets strategic objectives and oversees implementation within a framework of prudent and effective controls, ensuring that only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

The Board has agreed the schedule of matters reserved for its decision, which includes ensuring that the necessary financial and human resources are in place to meet obligations to shareholders and others. It also approves any acquisitions and disposals, major capital expenditure, annual budgets and dividend policy.

Board papers are circulated before Board meetings in sufficient time to enable their review and consideration in advance of meetings.

Board effectiveness

The performance of the Board is evaluated on an ongoing basis with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings are conducted and administered (including the content of those meetings); the effectiveness of the various Committees; whether corporate governance issues are handled satisfactorily; and whether there is a clear strategy and objectives.

The Co-CEOs' performance is appraised by the Chairman. The Chairman is appraised by the other Non-Executive Directors, and the other Non-Executive Directors are appraised by the Chairman.

Directors' independence
Two of the Non-Executive Directors are considered by the Board to be independent and are free to exercise independence of judgement. They have never been employed by the Group nor do they participate in the Group bonus scheme. They receive no remuneration apart from their fees and, in some cases, limited options which were issued prior to IPO, all of which are fully vested.

Board appointments
On appointment, a new Director is briefed on the activities of the Group. Ongoing training is provided as needed. Directors are updated on a regular basis regarding the Group's business.

Directors are subject to re-election at the Annual General Meeting following their appointment. In addition, at each AGM, one-third (or the nearest whole number) of the Directors retire by rotation.

Access to independent advice and support
In the furtherance of his or her duties or in relation to acts carried out by the Board or the Group, each Director is aware that he or she is entitled to seek independent professional advice at the expense of the Group. The Group maintains appropriate Directors' and Officers' insurance in the event of legal action being taken against any Director. Each Director has access to the advice and services of the Company Secretary, if required, who is responsible for ensuring that Board procedures are properly followed and that applicable rules and regulations are complied with.

Internal controls and risk management
The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to mitigate against and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks facing the Group. The processes are considered to be appropriate given the size and nature of the business. The Group's internal financial control and monitoring procedures include:

- Clear responsibility for the maintenance of good financial controls and the production of accurate and timely financial information;
- The control of key financial risks through appropriate authorisation levels and senior management oversight;
- Detailed monthly reporting of trading results and financial position, including variances against budget;
- Reporting of any non-compliance with internal financial controls; and
- Review of reports issued by external auditors.

The Audit Committee, on behalf of the Board, reviews reports from the external auditor together with management's response. In this matter, it has reviewed the effectiveness of the system of internal controls for the period.

Shareholder communications
Executive Directors periodically meet with institutional shareholders to foster a mutual understanding of objectives. In particular, an extensive programme of meetings with analysts and institutional shareholders is held following the interim and preliminary results announcements. In addition, the Executive Directors hosted a shareholder event in October 2021 following the acquisition of SyncRTC to provide a forum for questions and to present the strategy for the group. Feedback from these meetings is presented to the Board.

All Directors encourage the participation of all shareholders, including private investors, at the AGM. As a matter of policy, the level of proxy votes lodged on each resolution is declared at the meeting and published by announcement to the London Stock Exchange and on the Group's website.

The Group's Annual Report and Accounts are published on the Group's website and can be accessed by shareholders.

Committee composition

The Audit Committee ('the Committee') was established in August 2016, and a similar committee operated under Ring2 Communications Limited prior to the establishment of the Group as it currently stands. Mike Reynolds is Chair of the Audit Committee and the other members are Keith Taylor and Nico Goulet. The Board considers the members to have relevant and recent financial experience, given their biographies as set out on pages 22 and 23.

Committee responsibilities

The Committee is appointed by and responsible to the Board. It has written terms of reference. Its main responsibilities are:

- Monitoring its satisfaction with the truth and fairness of the Group's financial statements before submission to the Board for approval, ensuring their compliance with appropriate accounting standards, the law and AIM rules;
- Monitoring and reviewing the effectiveness of the Group's systems of internal control;
- Making recommendations to the Board in relation to the appointment and remuneration of the external auditor, and reviewing the auditor's objectivity and independence on an ongoing basis; and
- Implementing a policy relating to any non-audit services performed by the external auditor.

The Committee is authorised by the Board to seek and obtain information from any officer or employee of the Group and obtain external advice as it deems necessary.

Committee meetings

The Committee aims to meet at least three times per year either in person or remotely. These meetings are scheduled to coincide with the review of the interim statement, the scope and planning of the external audit and, finally, the results and observations upon completion of the external audit.

Three meetings were held during the year. These meetings were attended by the external auditor, one Co-CEO and the CFO, as well as the three committee members. The Committee also has the opportunity to meet with the external auditor without any Executive Directors present if it wishes to do so.

The Committee carried out a full review of the year-end results and of the audit, using as a basis the reports to the Committee prepared by the CFO and the external auditor. Questions were asked of senior management around any significant or unusual transactions where the accounting treatment could be open to different interpretations.

The Committee received from the external auditor a report of matters arising during the audit which the auditor deemed to be of significance.

Significant matters considered by the Committee in relation to the financial statements and areas of judgement routinely considered and challenged were as follows:

- Revenue recognition;
- Capitalisation of development costs;
- Accounting for the acquisition of SyncRTC Inc;
- Impairment of intangible fixed assets; and
- Going concern.

The Committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures in relation to key judgements and estimates have been included in the financial statements. In reaching this conclusion, the Committee has considered reports and analysis prepared by management and has also constructively challenged assumptions. The Committee has also considered reports prepared by the external auditor.

Committee performance

The Committee regularly reviews its own performance and has concluded that it is performing as expected.

External auditor

The Group reassessed the position of the external auditor during 2021 and as a result appointed Moore Kingston Smith LLP. To ensure the independence of the external auditor, the Group has used KPMG LLP to advise on global tax compliance.

As required, the external auditor provided the Committee with information for review about policies and processes for maintaining its independence and compliance regarding the rotation of audit partners and staff. The Committee considered all relationships between the external auditor and the Group and was satisfied that they did not compromise the auditor's judgement or independence, particularly around the provision of non-audit services. Management reviewed the effectiveness of the external audit process and were satisfied with the external auditor's knowledge of the business and that the scope of the audit was appropriate and the audit process effective.

Internal audit function

Given the size and nature of the Group, the Board did not consider it necessary to have an internal audit function during the year, though this need will be reviewed regularly.

NOMINATION COMMITTEE REPORT

Committee composition

The Nomination Committee was established in August 2016. Mike Reynolds is Chair of the Nomination Committee and the other members are Keith Taylor and Steve Flavell.

Committee responsibilities

The primary purpose of the Committee is to lead the process for Board appointments and to make recommendations to the Board to achieve the optimal composition of the Board, having regard to:

- Its size and composition;
- The extent to which required skills, experience or attributes are represented;
- The need to maintain the highest appropriate standard of corporate governance; and
- Ensuring that it consists of individuals who are best able to discharge the responsibilities of Directors.

It has written terms of reference.

Committee meetings

The Committee met once during 2021.

The Board has considered diversity in broader terms than gender and believes it is also important to reach the correct balance of skills, experience, independence and knowledge on the Board. All Board appointments will be made on merit and with the aim of achieving a correct balance. The Group has formal policies in place to promote equality of opportunity across the whole organisation, and training is provided to assist this.

The Remuneration Committee
The Remuneration Committee was established in August 2016.

The Committee's primary purpose is to assist the Board in determining the Company's remuneration policies and, in so doing, agree the framework for Executive Directors' remuneration with the Board. It has written terms of reference.

The Committee met twice during 2021, with other Board members in attendance as appropriate.

Remuneration Committee report
As an AIM-quoted company, LoopUp Group plc is not required to comply with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The content of this report is unaudited unless stated otherwise.

Membership of the Remuneration Committee
The Remuneration Committee comprises three Non-Executive Directors, namely Mike Reynolds as Chair, Nico Goulet and Keith Taylor. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to remuneration, terms of service, granting of share options and other equity incentives.

Directors' remuneration policy
The objectives of the remuneration policy are to ensure that the overall remuneration of Executive Directors is aligned with the performance of the Group and preserves an appropriate balance of income and shareholder value.

Non-Executive Directors
Remuneration of Non-Executive Directors is negotiated by the Executive Directors and agreed by the Board. Non-Executive Directors are not permitted to participate in pensions, annual bonuses or employee benefits. They are entitled to participate in share option agreements relating to the Company's shares. Each of the Non-Executive Directors has a letter of appointment stating his or her annual fee. Their appointment may be terminated with three months' written notice at any time.

Directors' remuneration
The normal remuneration arrangements for Executive Directors consist of basic salary, annual performance-related bonuses, participation in share option and incentive schemes, and private healthcare benefits. UK Executives participate in a company contributory pension scheme, and US executives have access to a corporate 401k plan, which attracted no employer contribution in 2021 or 2020.

Annual bonuses
The 2021 annual bonus plan comprised a target bonus of 50% of salary for Steve Flavell and Michael Hughes and 25% of salary for Simon Healey. Executive Directors are rewarded based on the performance of the Group versus predefined targets as well as the achievement of personal objectives.

The Group's performance in 2021 did not result in the payment of any bonuses to the Executive Directors. This contrasts with 2020, where the Group's performance significantly exceeded budgeted expectations, which resulted in a bonus payment of 175% of target being payable.

Similar bonus principles will be adopted for future years. Performance targets around revenue, gross margin and EBITDA have been set by the Board. Meeting these targets and achieving personal objectives will result in payout percentages in line with those outlined above. Payouts can exceed these amounts should performance exceed these targets, and are capped.

Total Directors' Remuneration

The table below sets out the total remuneration payable to the Directors:

Audited	Salary and fees £000	Annual bonus £000	Healthcare and pension £000	2021 total £000	2020 total £000
Executive					
Steve Flavell	201	14	8	223	440
Michael Hughes	225	13	4	242	514
Simon Healey	145	–	6	151	214
Non-Executive					
Lady Barbara Judge (until 31 August 2020)	–	–	–	–	33
Mike Reynolds	22	–	–	22	23
Nico Goulet	–	–	–	–	–
Keith Taylor	23	–	–	23	23

Shares held by Directors

The beneficial interests of the Directors in the share capital of the Company at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021		31 December 2020	
	Number of shares	% of issued ordinary share capital	Number of shares	% of issued ordinary share capital
Executive:				
Steve Flavell	2,660,250	2.7%	2,625,875	4.7%
Michael Hughes	2,657,183	2.7%	2,616,899	4.7%
Simon Healey (resigned 12 November 2021)	64,500	0.1%	64,500	0.1%
Non-Executive:				
Mike Reynolds	75,000	0.1%	75,000	0.1%
Nico Goulet (as Managing Partner of shareholder, Adara Ventures SICAR)	6,964,548	7.2%	6,964,548	12.6%
Keith Taylor	133,500	0.1%	58,500	0.1%

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Group granted to or held by the Directors. Details of option holdings for Directors who served during the year are as follows:

	Number of options at 31 December 2021	Exercise price
Executive:		
Steve Flavell	199,000	£1.105
	575,000	£0.00
Michael Hughes	880,000	£0.75
	199,000	£1.105
	651,769	£0.00
Simon Healey (resigned 12 November 2021)	70,000	£0.50
	82,000	£0.75
	27,500	£1.105
	181,250	£0.00
Non-Executive:		
Mike Reynolds	75,000	£0.75
Nico Goulet	–	–
Keith Taylor	–	–

Following consultation with applicable employees and senior management, it was decided that payments earned under the 2020 Company Bonus Plan of approximately £1.5 million would be satisfied in share based payments rather than cash.

At the recommendation of the Remuneration Committee, the Company granted nil cost options to eligible employees and senior management in lieu of any cash settlement of such bonus entitlements, where the number of options was calculated based on the bonus amount earned and the issue price of the capital raising in October 2021. As such grants were in lieu of bonus already earned, there were no vesting conditions attached to them. This grant included options granted to the following Directors:

- 575,000 to Steve Flavell;
- 651,769 to Michael Hughes; and
- 181,250 to Simon Healey.

During 2021, Steve Flavell and Michael Hughes each participated in the company's Employee Share Incentive Scheme whereby each Director sacrificed a proportion of their salary and instead were allocated shares in the Company pursuant to the scheme rules.

By order of the Board

Mike Reynolds
Chairman of the Remuneration Committee
25 July 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activity
The principal activity of the Group is the provision of a premium cloud communications platform for business-critical external and specialist communications.

Business review and future developments
A review of the Group's operations including strategy and markets, and future developments is covered in the Strategic Report section of the Annual Report and Accounts on pages 2 to 21. In accordance with section 414C(11) of the Companies Act 2006, the Directors have chosen to include information about the future developments and principal risks and uncertainties in the Strategic Report.

Details of the Group's financial results are set out in the consolidated statement of comprehensive income, other statements and related notes on pages 42 to 87.

Corporate status
LoopUp Group plc (the 'Company' or 'Group') is a public limited company domiciled in the United Kingdom and was incorporated in England and Wales with company number 09980752 on 1 February 2016. The company has its registered office at The Tea Building, 56 Shoreditch High Street, London E1 6JJ. The principal places of business of the Group are its offices in London and San Francisco, and it also operates a number of other offices in the United States and United Kingdom, as well as Germany, Spain, Sweden, Australia, Hong Kong and Barbados.

Directors
The following served as Directors during the year: Steve Flavell, Michael Hughes, Simon Healey (resigned 12 November 2021), Mike Reynolds, Nico Goulet, Keith Taylor.

The current members of the Group's Board and Committees are set out on pages 22 to 23. One-third of the Directors are required to retire at the AGM and can offer themselves for re-election.

The Company has agreed to indemnify the Directors against third party claims which may be brought against them and has put in place a Directors' and Officers' insurance policy.

Shares, dividends and significant shareholders
The middle market price of the Company's shares on 31 December 2021 was 19.5 pence and the range during the year was 17.1 pence to 98.0 pence with an average of 54.4 pence.

The Directors do not recommend the payment of a dividend (2020: £nil).

The Company is informed that, at 31 May 2022, individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of shares	% of issued ordinary share capital
Andrew Scott[1]	26,555,754	27.4%
Adara Ventures SICAR	6,964,548	7.2%
Hargreaves Lansdown Asset Management	5,980,242	6.2%
Interactive Investor	5,722,292	5.9%
Schroder Investment Management	4,289,913	4.4%
Herald Investment Management	4,200,000	4.3%

1. This includes shares registered in the name of his wife, Rhonda Scott and SFT Capital Limited.

Going concern
After making enquiries, the Directors believe that the Group has adequate resources and prospects to continue in operational existence for the foreseeable future. Following the balance sheet date, the Group renegotiated and amended its banking facilities with Bank of Ireland reflecting the Group's ongoing strategic transition plan. Management have prepared detailed stress tested forecasts which indicate the Group's ability to continue to trade with sufficient cash resources and within the amended covenant tests agreed with Bank of Ireland for the Group's debt facility. For this reason, they continue to adopt the going concern basis in preparing the Annual Report and Accounts. This is described in more detail in note 1.03.

Research and development
Details of the Group's policy for the recognition of expenditure on research and development of its core platform are set out in note 2.03 of the consolidated financial statements.

Risk management objectives and policies
Details of the Group's financial risk management and policies are set out in note 19 of the consolidated financial statements. The key non-financial risks faced by the Group are set out in the Strategic Report on page 18.

Related party transactions
Details of the Group's transactions and balances with related parties are set out in note 21 of the consolidated financial statements.

Employee involvement
It is the Group's policy to involve employees in its progress, development and performance. This has been communicated through both formal and informal meetings at all levels throughout the Group. During such meetings, employees are encouraged to provide a free flow of information and ideas.

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. The Group is a committed equal opportunities employer and has engaged employees with broad backgrounds and skills.

It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not have a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues.

Political and charitable donations
The Group does not make political donations. No charitable donations were made during the year (2020: £5,000).

Supplier payment policy and practice
The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with each supplier at the start of business and makes payments in accordance with these terms. The number of creditor days outstanding at 31 December 2021 was 68 days (2020: 60 days).

Statement as to disclosure of information to the auditor
The Directors who were in office on the date of the approval of these financial statements have confirmed that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

The consolidated financial statements of the Group 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. The consolidated financial statements have been prepared under the historical cost basis.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Mike Reynolds
Chairman
25 July 2022

We have audited the financial statements of LoopUp Group plc (the 'parent company') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile. We conducted substantive audit procedures and evaluated the group's internal control environment. The components of the group were evaluated by the group audit team based on a measure of materiality, considering each component as a percentage of the group's total assets, current assets, revenue and gross profit, which allowed the group audit team to assess the significance of each component and determine the planned audit response.

For those components that were evaluated as significant components, either a full scope audit or specified audit approach was determined based on their relative materiality to the group and our assessment of the level of audit risk. For significant components requiring a full scope approach, we evaluated the controls in place at those components by performing walkthroughs over the financial reporting systems identified as part of our risk assessment. We also reviewed the accounts production process and addressed critical accounting matters. We then undertook substantive testing on significant classes of transactions and material account balances.

In order to address the audit risks identified during our planning procedures, we performed a full scope audit of the financial statements of the parent company and of the financial information of LoopUp Limited, MeetingZone Limited, Pimco 2711 Limited, Warwick Holdco Limited, Warwick Debtco Limited and Warwick Bidco Limited. We performed specified audit procedures over the other components in the UK and overseas.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Revenue recognition Revenue is a significant item in the consolidated Statement of Comprehensive Income and impacts a number of management's key judgements, performance indicators and key strategic indicators. Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue due to fraud or error. There is a risk of incorrect revenue recognition due to fraud or error, arising from: - recognition of revenue in the wrong period; - revenue not being recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'; and - manipulation of revenues around the year-end through management override. We therefore identified incorrect revenue recognition as a significant risk. The group's accounting policy on revenue recognition is shown in note 2.09 to the financial statements and related disclosures are included in note 6.	Our audit work included, but was not restricted to: - Evaluating the group's revenue recognition accounting policy to check compliance with IFRS 15 and to ensure consistency of application; - Engaging our IT specialists who assessed the design and operating effectiveness of the underlying systems on the LoopUp platform and tested key IT application controls over the revenue recognition process; - Performing substantive testing on a sample of individual revenue transactions throughout the year across the significant revenue streams; - This included agreeing revenue transactions selected for testing through to supporting evidence including sales invoice, contracts and cash receipts; and - Performing sales cut off tests to ensure revenue had been recognised in the correct period. In addition, we reviewed the adequacy of the disclosures under IFRS15. **Key observations** Based on our audit testing we did not identify any material misstatements of revenue. We consider the disclosures in accordance with IFRS 15 in the notes to the financial statements to be acceptable.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Impairment of the carrying value of goodwill and other intangible assets The Group has material goodwill and other intangible assets balances of £35.425m and £5.638m respectively at 31 December 2021. The other intangible assets balance includes customer relationships of £4.134m and brand & trademarks of £1.504m. The directors are required to make an assessment to determine whether there are impairment indicators relating to the group's intangible assets. The process for assessing whether impairment exists as set out in International Accounting Standard (IAS) 36 'Impairment of Assets' is complex. The process of determining the value in use, through forecasting cash flows related to each asset and the determination of the appropriate discount rate and other assumptions to be applied, can be highly judgemental and can significantly impact the results of the impairment review. Based on the judgemental nature of an impairment review and significant impairment adjustments in prior periods, we identified impairment of the carrying value of goodwill and other intangible assets to be a significant risk. The group's accounting for goodwill and other intangible assets are shown in notes 2.04 and 2.05 to the financial statements and related disclosures are included in note 14.	Our audit work included, but was not restricted to: - Reviewing the design and implementation of controls relevant to the impairment reviews for goodwill and other intangible assets; - Critically assessing management's assessment of impairment including critically reviewing the discounted cash flow model and the judgements and estimates applied in the model; - Critically assessing the assumptions underlying the discounted cash flow model including growth rate and discount rate; - Performing sensitivity analysis on the discounted cash flow model taking into consideration management's base and downside scenarios; - Evaluating the accounting policy and detailed disclosures included in the financial statements to determine whether the information provided in the financial statements complies with the requirements of IAS 36 and is consistent with the results of the impairment review; and - Considering the appropriateness of the amortisation policy for other intangible assets. **Key observations** Following the performance of our audit testing on the discounted cash flow model as set out above an impairment of £19.597m was identified in respect of the customer relationship balance initially recognised on the acquisition of MeetingZone. This impairment has been recognised in the consolidated financial statements. We consider the disclosures in the consolidated financial statements in respect of impairment of goodwill and other intangible assets to be acceptable.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Capitalisation of development costs The Group capitalises development costs within intangible assets. The amount capitalised in the year was £6.919m. The carrying value at 31 December 2021 was £12.726m. The Group has been developing and enhancing its remote meetings platform in recent years and continues to enhance the platform in the prior and current year to integrate the Group's Cloud Telephony business. The development relates primarily to the payroll costs of the developers who work on the development projects. The group's accounting for development costs is shown in note 5.03 to the financial statements and related disclosures are included in note 14.	Our audit work included, but was not restricted to: • Evaluating the development costs capitalised in the year to ensure that the costs can be recognised as an asset in accordance with the requirements of IAS 38 'Intangible Assets'; • Performing substantive testing on a sample of development costs capitalised including reviewing the employee contracts of employees whose salaries were capitalised; • Discussing a sample of projects with the relevant management personnel to gain an understanding of the key developments in the year and milestones achieved; • Challenging management's key assumptions to determine that the capitalisation of development costs meet the technical and feasibility criteria stated in IAS 38; and • Evaluating the accounting policy and detailed disclosures included in the financial statements to confirm whether information provided in the consolidated financial statements is compliant with the requirements of IFRS. **Key observations** Based on our audit testing we did not identify any material misstatements of development costs. We consider the disclosures in the consolidated financial statements to be acceptable.
Going concern Revenue for the year ended 31 December 2021 has declined from £50.230m to £19.526m and the Group incurred an operating loss of £30.554m (2020:£6.260m operating profit) including a £19.597m non-cash exceptional impairment charge. The Group has outstanding borrowings of £7.881m at 31 December 2021 (2020:£12.750m) and cash funds of £5.465m (2020: £12.086m). The Group's loan facility with Bank of Ireland of £6.764m at 31 December 2021 is due for repayment in September 2023. Given the trading performance in the year, including the decrease in revenue and cash funds, and the repayment date of the loan facility, going concern was considered to be a key audit risk area.	Our audit work and conclusion in respect of going concern has been detailed in the 'Material uncertainty related to going concern' section of our audit report.

Key Audit Matter – Company	How the matter was addressed in the audit – Company
Recoverability of amounts owed by subsidiary undertakings The total amounts owed by subsidiary undertakings recognised in the parent company Statement of Financial Position at 31 December 2021 was £69.329m. The directors are required to make an assessment to determine whether the amounts owed by subsidiary undertakings are materially recoverable. Due to the size of the amounts in question in the context of the parent company Statement of Financial Position, the recoverability of these amounts was considered to be a key risk area for the audit of the parent company. The company's disclosures in respect of amounts owed by subsidiary undertakings are shown in note 15 to the financial statements.	Our audit work included, but was not restricted to: - Critically assessing management's intercompany matrix to confirm that all intercompany balances have been included and materially reconciled at 31 December 2021; - Critically assessing the discounted cash flow model and the judgements and estimates applied in the model which support the ability of the subsidiaries to generate sufficient profits and cash flows to enable them to repay the amounts owed to the parent company; - Critically assessing the assumptions underlying the discounted cash flow model including growth rate and discount rate; - Performing sensitivity analysis on the discounted cash flow model taking into consideration management's base and downside scenarios; - Challenging key assumptions as to why the management consider the amounts owed by subsidiary undertakings to be materially recoverable; - Critically assessing post year end trading and the liquidity position of subsidiaries; and - Evaluating the detailed disclosures included in the financial statements to confirm whether information provided in the financial statements is compliant with the requirements of IFRS. **Key observations** Based on our audit testing we concluded that we agreed with management's assertion that no impairment of amounts owed by subsidiary undertakings was required. We consider the disclosures in the financial statements to be acceptable.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group we considered revenue to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group and parent to be £195,260 based on a percentage of revenue (1%). Based on our professional judgement, we determined materiality for the Parent Company to be £185,497 based on a percentage of gross assets (0.25%).

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group and Parent was 50% of materiality, namely £97,630 and £92,748 respectively.

We agreed to report to the Audit Committee all audit differences in respect of the Group and Parent in excess of £9,763 and £9,274 respectively and, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Material uncertainty related to going concern

We draw attention to note 1.03 to the financial statements, which indicates that the Group may need to raise debt or equity funding in order to repay or refinance the Bank of Ireland debt facilities at term in September 2023 and therefore to continue in business and meet its liabilities as they fall due after that point. The Group incurred an operating loss of £30.554m (2020:£6.260m operating profit) for the year ended 31 December 2021 including a £19.597m non-cash exceptional impairment charge.

Subsequent to the reporting date the Group successfully renegotiated and amended its debt facilities with the Bank of Ireland as detailed in note 1.03 to the financial statements. However the facilities are due for repayment at term in September 2023. Although the directors are confident that the Group will be able to repay or refinance the debt facilities at term there can be no certainty in this respect and a failure to repay at term or refinance would be material to the Group.

These events or conditions indicate that a material uncertainty exists that may cast doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a critical assessment of the detailed cash flow projections prepared by the directors, which are based on their current expectations of trading prospects, and obtaining an understanding of all relevant uncertainties, including those arising as a result of the ongoing COVID-19 pandemic and the measures taken by the UK and overseas governments to contain it. We have factored the ongoing impact of COVID-19 into our analysis of the risks affecting the ability of the group to continue to trade and meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 41, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at https://wwww.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for

This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and the parent company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the group and the parent company and considered that the most significant are the Companies Act 2006, UK adopted International Accounting Standards, the rules of the Alternative Investment Market and UK taxation legislation.
- We obtained an understanding of how the group and the parent company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Matthew Banton (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP
Chartered Accountants
Statutory Auditor
25 July 2022

6th Floor
9 Appold Street
London
EC2A 2AP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 Restated (Note 24) £000
Revenue	6	19,526	50,230
Cost of sales		(6,058)	(14,632)
Gross profit		13,468	35,598
Adjusted operating expenses(i)	7	(12,272)	(20,270)
Adjusted EBITDA(ii)		1,196	15,328
Depreciation	7	(1,760)	(1,702)
Amortisation of development costs	7	(5,582)	(4,581)
Adjusted operating (loss)/profit(iii)		(6,146)	9,045
Exceptional reorganisation costs and tax charge	7	(392)	—
Exceptional impairment charge	7	(19,597)	—
Amortisation of acquired intangibles	7	(2,211)	(2,210)
Share-based payment charges	20.06	(2,208)	(575)
Operating (loss)/profit		(30,554)	6,260
Finance costs	10	(465)	(599)
(Loss)/profit before income tax		(31,019)	5,661
Income tax	11	6,052	308
(Loss)/profit for the year		(24,967)	5,969
Currency translation loss		(340)	(75)
Total comprehensive (loss)/income for the year attributable to the equity holders of the parent		(25,307)	5,894
(Loss)/earnings per share from continuing and total operations (pence):	12		
Basic		(39.0)	10.8
Diluted		(39.0)	9.9

(i) Total administrative expenses excluding depreciation, amortisation of development costs and acquired intangibles, exceptional reorganisation and tax charge, exceptional impairment charges and share-based payment charges.

(ii) Adjusted EBITDA is operating (loss) / profit stated before depreciation, amortisation of development costs and acquired intangibles, exceptional reorganisation and tax charge, exceptional impairment charges and share-based payment charges.

(iii) Before amortisation of acquired intangibles, exceptional reorganisation and tax charge, exceptional impairment charges and share-based payment charges.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 Restated (Note 24) £000	1 January 2020 Restated (Note 24) £000
Assets				
Property, plant and equipment	13	2,368	2,663	2,737
Right of use assets	13	2,130	2,951	3,304
Development costs	14	12,726	11,389	9,104
Other intangible assets	14	5,638	27,446	29,656
Goodwill	14	35,425	31,511	31,511
Total non-current assets		58,287	75,960	76,312
Trade and other receivables	15	3,608	6,875	8,652
Cash and cash equivalents	16	5,465	12,086	3,000
Current tax	15	1,862	1,647	1,631
Total current assets		10,935	20,608	13,283
Total assets		69,222	96,568	89,595
Liabilities				
Trade and other payables	17	(3,384)	(6,303)	(5,415)
Accruals and deferred income	17	(2,036)	(3,607)	(2,578)
Lease liabilities	13	(956)	(953)	(862)
Borrowings	18	(1,700)	(1,700)	(1,700)
Total current liabilities		(8,076)	(12,563)	(10,555)
Net current assets		2,859	8,045	2,728
Non-current liabilities				
Borrowings	18	(6,181)	(11,050)	(12,750)
Lease liabilities	13	(1,463)	(2,372)	(2,656)
Deferred tax	26	(1,721)	(6,099)	(5,709)
Provisions	27	(172)	—	—
Total non-current liabilities		(9,537)	(19,521)	(21,115)
Total liabilities		(17,613)	(32,084)	(31,670)
Net assets		51,609	64,484	57,925
Equity				
Share capital	20	485	277	276
Share premium	20	70,860	60,677	60,588
Other reserve		12,691	12,691	12,691
Foreign currency translation reserve		(2,749)	(2,409)	(2,334)
Share-based payment reserve		3,395	1,354	779
Retained loss		(33,073)	(8,106)	(14,075)
Shareholders' funds attributable to equity owners of parent		51,609	64,484	57,925

The financial statements were approved by the Board of Directors and authorised for issue on 25 July 2022. They were signed on its behalf by:

Steve Flavell
Director

The notes on pages 57 to 87 form part of these financial statements.

Company number 09980752

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 Restated (Note 24)	1 January 2020 Restated (Note 24) £000
Assets				
Investments	22	6,248	1,493	918
Total non-current assets		6,248	1,493	918
Trade and other receivables	15	68,492	60,815	60,725
Total current assets		68,492	60,815	60,725
Total assets		74,740	62,308	61,643
Net assets		74,740	62,308	61,643
Equity				
Share capital	20	485	277	276
Share premium	20	70,860	60,677	60,588
Share-based payment reserve		3,395	1,354	779
Retained profit		–	–	–
Shareholders' funds attributable to equity owners of parent		74,740	62,308	61,643

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own statement of comprehensive income. The result for the year dealt with in the financial statements of the Company was £nil (2020: £nil). The financial statements were approved by the Board of Directors and authorised for issue on 25 July 2022. They were signed on its behalf by:

Steve Flavell
Director

The notes on pages 57 to 87 form part of these financial statements.

The Company recorded no profit or loss in the period since incorporation on 1 February 2016.

Company number 09980752

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital £000	Share premium £000	Other reserve £000	Foreign currency translation reserve £000	Share-based payment reserve £000	Retained loss £000	Shareholders' funds/deficit attributable to equity owners of parent £000
As at 1 January 2020 (Restated - Note 24)		276	60,588	12,691	(2,334)	779	(14,075)	57,925
Profit for the year		–	–	–	–	–	5,969	5,969
Other comprehensive income		–	–	–	(75)	–	–	(75)
Total comprehensive profit for the year		–	–	–	(75)	–	5,969	5,894
Transactions with owners of parent in their capacity as owners:								
Equity share-based payment compensation		–	–	–	–	575	–	575
Shares issued net of transaction costs		1	89	–	–	–	–	90
As at 31 December 2020 (Restated - Note 24)		277	60,677	12,691	(2,409)	1,354	(8,106)	64,484
As at 1 January 2021		277	60,677	12,691	(2,409)	1,354	(8,106)	64,484
Loss for the year		–	–	–	–	–	(24,967)	(24,967)
Other comprehensive loss		–	–	–	(340)	–	–	(340)
Total comprehensive loss for the year		–	–	–	(340)	–	(24,967)	(25,307)
Transactions with owners of parent in their capacity as owners:								
Equity share-based payment compensation	20	4	163	–	–	2,041	–	2,208
Shares issued net of transaction costs	20	204	10,020	–	–	–	–	10,224
As at 31 December 2021		485	70,860	12,691	(2,749)	3,395	(33,073)	51,609

The notes on pages 57 to 87 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital £000	Share premium £000	Share-based payment reserve £000	Retained profit £000	Shareholders' funds attributable to equity owners of parent £000
As at 1 January 2020 (Restated – Note 24)		276	60,588	779	–	61,643
Result for the year		–	–	–	–	–
Total comprehensive result for the year		–	–	–	–	–
Transactions with owners of parent in their capacity as owners:						
Equity share-based payment compensation		–	–	575	–	575
Shares issued net of transaction costs	20	1	89	–	–	90
As at 31 December 2020 (Restated – Note 24)		277	60,677	1,354	–	62,308
As at 1 January 2021		**277**	**60,677**	**1,354**	**–**	**62,308**
Result for the year		–	–	–	–	–
Total comprehensive result for the year		–	–	–	–	–
Transactions with owners of parent in their capacity as owners:						
Equity share-based payment compensation		4	163	2,041	–	2,208
Shares issued net of transaction costs	20	204	10,020	–	–	10,224
As at 31 December 2021		**485**	**70,860**	**3,395**	**–**	**74,740**

The notes on pages 57 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 Restated (Note 24)
Operating activities			
(Loss)/profit before income tax		(31,019)	5,661
Non-cash adjustments			
Depreciation and amortisation	7	9,548	8,493
Share based payments charge		2,208	575
Impairment charge		19,597	–
Interest payable		465	598
Working capital adjustments			
Decrease in trade and other receivables		3,377	1,867
(Decrease)/increase in trade and other payables		(4,864)	1,310
Net tax received		1,194	1,200
Net cash generated by operating activities		506	19,704
Cash flows from investing activities			
Purchase of property, plant and equipment	13.01	(586)	(757)
Addition of intangible assets	14.01	(6,919)	(6,866)
Payment for acquisition of subsidiary		(3,574)	–
Net cash used in investing activities		(11,079)	(7,623)
Cash flows from financing activities			
Proceeds from share issue net of issue costs	20	10,391	90
Repayment of loans	26	(5,839)	(1,700)
Payments in respect of leases		(840)	(828)
Loans acquired on acquisition		971	–
Interest and finance fees paid		(365)	(494)
Net cash generated from/(used in) financing activities		4,318	(2,932)
Net change in cash and cash equivalents		(6,255)	9,149
Cash and cash equivalents, beginning of year		12,086	3,000
Exchange differences on cash and cash equivalents		(366)	(63)
Cash and cash equivalents, end of year	16	5,465	12,086

The notes on pages 57 to 87 form part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £000	2020 £000
Operating activities		
Profit before income tax		–
Working capital adjustments	–	
Increase in debtors	(7,677)	(90)
Net cash used by operations	(7,677)	(90)
Net cash from financing activities		
Proceeds from share issue net of issue costs	10,391	90
Net cash generated from financing activities	10,391	90
Cash flows from investing activities		
Investment in subsidiary	(167)	–
Payment for acquisition of subsidiary	(2,547)	–
Net cash used in investing activities	(2,714)	–
Net change in cash and cash equivalents	–	–
Cash and cash equivalents, beginning of year	–	–
Cash and cash equivalents, end of year	–	–

The notes on pages 57 to 87 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Business description and basis of preparation

1.01 Business description

The principal activity of the Group is the provision of a cloud communications platform for external and specialist 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.

1.02 Basis of preparation

The consolidated financial statements of the Group 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. The consolidated financial statements have been prepared under the historical cost basis.

The preparation of financial information requires the Directors to exercise judgements in the process of applying accounting policies as outlined in note 5.

Financial information is presented in Pounds Sterling (£) and, unless otherwise stated, amounts are expressed in thousands (£000), with rounding accordingly.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own statement of comprehensive income. The result for the year dealt with in the financial statements of the Company was £nil (2020: £nil).

The accounting policies used have been consistently applied throughout all periods presented in the financial statements.

1.03 Going concern

At the 2021 balance sheet date, the Group has cash of £5.5m (2020: £12.1m), net debt of £2.4m (2020: £0.7m), net assets of £51.6m (2020: £64.5m), and net current assets of £2.9m (2020: £8.0m). The operating loss for the year was £30.5m (2020: £6.3m profit), due to an exceptional non-cash impairment charge and the adjusted operating loss for the year (before amortisation of other intangible assets, non-recurring transaction costs, exceptional reorganisation costs, exceptional impairment charges and share based payments charges) was £6.1m (2020: £9.0m profit).

The Directors prepared detailed cash flow forecasts covering the Group's expected performance and activity over a period covering at least the next twelve month from the date of these financial statements. This modelled expected activity in each of the business segments of the Group, and also covered a number of scenarios and sensitivities in order for the Board to satisfy itself that the Group has sufficient cash resources to continue to trade during this period.

At the balance sheet date, the Group had outstanding borrowings of £7.9m, including £6.9m under a facility agreement with Bank of Ireland. These facilities were renegotiated and amended following the balance sheet date to reflect the Group's ongoing strategic transition plan. Key elements of the amended arrangements include a holiday on planned principal repayments through to June 2023; a margin increase of 2.0 percent, taking the overall interest rate to 4.5 percent above the Sterling Overnight Index Average (SONIA); an extension of the term through to September 2023; and a revised set of financial covenants which are more concerned with sufficient ongoing cash liquidity and the growth objectives for Cloud Telephony and Hybridium in the Group's transition business plan.

Management have reviewed forecast cash flows and revenues for at least the next twelve months following the date of these financial statements and are confident of remaining within the amended covenant levels and facility limits.

The Bank of Ireland debt facilities will remain available throughout the twelve months following the date of these financial statements. However, in order to repay the Bank of Ireland debt facilities at term in September 2023, the Group may need to raise debt or equity funding, or both. The Group has a strong track record of fundraising from a group of consistently supportive shareholders, and the Directors are confident that the Bank of Ireland debt facilities will be able to be repaid at term. However, because there can be no certainty of this, and because the impact of a failure to refinance would be material, a material uncertainty exists in relation to going concern.

As a consequence, the Directors have a reasonable expectation that the Group can continue to operate and to meet its commitments and discharge its liabilities in the normal course of business for a period of not less than twelve months form the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these Group financial statements.

1.04 Chief operating decision-maker

The chief operating decision-maker is considered to be the Board of Directors acting together.

2. Summary of significant accounting policies

The principal accounting policies adopted are set out below:

2.01 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company ('the Subsidiaries') made up to the accounting reference date each year. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. Control is achieved when the Group has power over an entity in which it has invested ('the Investee'); is exposed, or has rights, to variable returns from its involvement with the Investee; and has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an Investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings.

2.02 Currencies

(a) Functional and presentational currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Parent Company operates ('the functional currency') which is UK Sterling (£). The consolidated financial statements are presented in UK Sterling, as described in note 1.02 ('the presentational currency').

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Group companies that have a functional currency other than the presentational currency of the Group

The results and financial position of all Group companies that have a functional currency different from the presentational currency of the Group are translated into the presentational currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the balance sheet date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in the statement of changes in equity as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were previously recognised in other comprehensive income are reclassified to the income statement as part of the gain or loss on sale.

2.03 Development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development costs are capitalised when the related projects meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:
(a) technical feasibility of the completed intangible asset has been established;
(b) it can be demonstrated that the asset will generate probable future economic benefits;
(c) adequate technical, financial and other resources are available to complete the development;
(d) the expenditure attributable to the intangible asset can be reliably measured; and
(e) management has the ability and intention to use or sell the asset.

2. Summary of significant accounting policies continued

These projects are designed to bring new capabilities into the Group's products. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets.

Development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Development expenditure is only amortised over the period the Group is expected to benefit and is subject to annual impairment testing. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.04 Goodwill

Goodwill arising on business combinations represents the difference between the consideration for a business acquisition and the fair value of the net identifiable assets acquired, less any accumulated impairment losses. The consideration for a business acquisition represents the fair value of the assets given and equity instruments issued in return for the assets acquired. Goodwill is not amortised but is subject to an impairment review performed at least annually.

2.05 Acquired intangible assets

Acquired intangible assets include customer relationships and brands. Intangible assets acquired in material business combinations are capitalised at their fair value as determined by reference to the methodologies, judgements and policies disclosed on page 74. Intangible assets are amortised on a straight-line basis over their useful economic life of between six and 15 years. Amortisation charges are charged to the income statement as other administrative expenses. The table in note 7 separates out the amortisation of each asset category.

During 2021, the useful economic life of the customer relationships asset, which was previously assessed at 15 years, was reassessed to a total of six years from acquisition in 2018.

2.06 Investments

Investments in subsidiary and associated undertakings are stated at cost less provision for impairment.

2.07 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

- Office equipment – 20-33% straight line;
- Computer equipment – 20-33% straight line; and
- Certain assets in acquired subsidiaries are depreciated on a reducing balance basis, resulting in an immaterial difference in depreciation charges.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

2.08 Impairment of non-current assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or charges in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating units) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

2. Summary of significant accounting policies continued

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.09 Revenue recognition

Revenue comprises the transaction price, being the amount of consideration the Group expects to be entitled to in exchange for transferring promised goods or services to a customer in the ordinary course of the Group's activities.

Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

LoopUp Platform Capabilities revenue arises from the delivery of conferencing services using LoopUp's proprietary products, as well as revenue earned on MeetingZone's audio conferencing platform and the Group's Cloud Telephony products. The significant majority of revenue arises upon usage by customers of services delivered on a pay as you go model, based on seconds of conference time, the number of participants on the conference, and usage of other value-added services. An increasing proportion of customers are subject to contracted levels of minimum usage, however this is still invoiced and recognised on a monthly basis. Revenue is recognised in relation to conferencing services as the service is performed, is invoiced to the customer monthly in arrears, and is recognised at a point in time.

Revenue from Cloud Telephony products arises from subscription and usage charges. Subscription charges are recognised in the month to which they relate, and usage charges at the point of billing, which occurs monthly.

Hybridium revenue arises from the licensing of hybrid meetings software, as well as from professional services connected to the installation of appropriate hardware on which to run the software. The licensing revenue is recognised monthly over the lifetime of the license, and professional services revenue is recognised when delivered.

Subscription revenues are recognised over the life of the subscription term.

Revenue from equipment sales is recognised when delivery is made and the risk in the equipment has passed to the customer, with support costs recognised over the period of time to which the charges relate.

Third party resale services revenue arises from a combination of re-sold seat licenses for third party products, sold on a 'per host per month' basis, typically on twelve month or more committed terms, and minutes and overage charges for usage of these products. Revenue from licenses is recognised evenly over the period of time to which the charges relate. Revenue from usage is recognised at the time the service is performed.

Any difference between the amount of revenue recognised and the amount invoiced to a customer is included in the statement of financial position as accrued or deferred income.

2.10 Cost of sales

Cost of sales consists of fees payable to third parties and other expenses that are directly related to sales.

2.11 Current and deferred tax

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) Current tax

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates and laws for the period that have been enacted or substantively enacted by the reporting date.

(b) Deferred tax

Deferred tax is calculated at the latest tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

2. Summary of significant accounting policies continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets are recognised to the extent it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Leases

The Group is not party to any material leases where it acts as a lessor, but it does have certain material property leases, under which it is a lessee.

Following adoption of IFRS16, for any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains, a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition the Griup assesses whether the contract meets three key evaluations, which are whether:

- the contract contains an identified asset, which is ether explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefit from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use, The Group assesses whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight line basis from lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease, if that rate is readily available or the Group’s incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense to the income statement on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been disclosed separately within non-current assets and lease liabilities have been disclosed separately within current and non-current liabilities.

2.13 Payroll expense and related contributions

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

2. Summary of significant accounting policies continued

2.14 Benefits and pension costs

LoopUp Limited and MeetingZone Limited operate contributory pension schemes under the UK's auto-enrolment rules. Company contributions (3% in 2020 and 2021) are recognised as an expense in the statement of comprehensive income as they fall due.

US staff qualify for a non-contributory 401k pension scheme. The Group has no further payment obligations once the contributions have been deducted and paid. The costs of administering this scheme are charged as an expense to the statement of comprehensive income in the period to which they relate.

2.15 Share-based compensation

The Group issues share-based payments to certain employees and Directors. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over any vesting period, along with a corresponding increase in equity if they are deemed to be material to the Group.

At each reporting date, the Directors revise their estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of any revision is recognised in the statement of comprehensive income, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black-Scholes model, taking into consideration the best estimate of the expected life of the option and the specific terms of the option grant.

The Group operates an Employee Share Incentive Scheme (ESIS) under which employees may sacrifice a portion of their base salary, and receive shares in the Group. The fair value of the shares issued is taken to the statement of comprehensive income as a share-based payment charge, with a corresponding adjustment to equity reserves.

2.16 Alternative performance measures

The Board assesses the performance of the Group using alternative performance measures (namely Adjusted operating expenses, Adjusted EBITDA, Adjusted operating profit and Adjusted basic/diluted earnings per share) as in the Board's view, these reflect the underlying performance of the business and provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis and is used as a basis for incentive compensation arrangements for employees.

Adjusted operating expenses represents total administrative expenses excluding depreciation, amortisation and impairment of development costs and acquired intangibles, exceptional reorganisation and tax charges, exceptional impairment charges and share-based payments charges.

Adjusted EBITDA is defined as operating profit stated before depreciation, amortisation and impairment of development costs and acquired intangibles, exceptional reorganisation and tax charges, exceptional impairment charges and share-based payments charges.

Adjusted operating profit is defined as operating profit stated before amortisation of acquired intangibles, exceptional reorganisation and tax charges, exceptional impairment charges and share-based payments charges.

Adjusted earnings per share numbers are calculated using profit attributable to shareholders, adjusted for exceptional reorganisation costs, amortisation of acquired intangibles, and share-based payment charges.

Exceptional reorganisation costs are considered to be one-off in nature and are of such significance to the performance of the Group due to their size, nature or incidence that the board considers it necessary to show them separately on the face of the statement of comprehensive income.

It is important to note that alternative performance measures are not defined under IFRS and therefore are defined as 'Non-GAAP' measures. The alternative performance measures used by the Group may not be directly comparable to similarly titled measures reported by other companies. They are not intended to be a substitute for, or be superior to, GAAP measures of performance.

2.17 Dividends

Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed before the relevant consolidated financial statements are approved.

2. Summary of significant accounting policies continued

2.18 Accounting developments
This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 December 2021 and is consistent with the policies applied in the previous financial year.

There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 January 2021, which had any impact on the Group's accounting policies and disclosures in these financial statements.

None of the new standards, amendments and interpretations, which are effective for periods beginning after 1 January 2021 and which have not been adopted early, are expected to have a significant effect on the consolidated financial statements of the Group.

2.19 Segment 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.

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 (known as Cloud Telephony). This capability, alongside the Group's longstanding Remote Meetings and Managed Events capabilities, combine into a category termed LoopUp Platform Capabilities (LPC). Revenue from resale of Cisco WebEx services is categorised as 'third party resale services'.

In addition to the above segments adopted in the 2020 annual report and accounts, this year a new 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.

2.20 Adoption of new and revised standards
Standards and amendments that are not yet effective and have not been adopted early by the Group include:
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors;
- Amendments to IFRS 3 – Reference to the Conceptual Framework;
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract;
- Annual improvements to IFRS Standards 2018 – 2020;
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or jount venture; and
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 – Interest Rate Benchmark Reforms – Phase 2.

3. Financial instruments
Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

3.01 Trade and other receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

3. Financial instruments continued

3.02 Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.03 Financial liabilities
The Group's financial liabilities comprise borrowings, finance leases and trade and other payables.

Borrowings and trade and other payables
Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

3.04 Classification as debt or equity
Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all liabilities.

3.05 Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised as the proceeds received, net of direct issue costs. The components of equity are as follows:

(a) Share capital
The nominal values of equity shares. The rights attributable to the classes of equity in issue are disclosed in note 20.

(b) Share premium
The fair value of consideration received in excess of the nominal value of equity shares, net of expenses of the share issue.

(c) Retained earnings
The retained net profits or losses to date less distributions.

(d) Foreign currency translation reserve
The net foreign exchange gains or losses to date on consolidation of investments in overseas subsidiaries.

(e) Other Reserve
A reserve has been created to enable the reservation of a consolidated balance sheet which combines the equity structure of the legal parent with the non-statutory reserves of the legal subsidiary.

(f) Share-based payments reserve
A reserve used to recognise the value of equity-settled share-based payments provided to employees, including Key Management Personnel as part of their remuneration.

4. Financial risk management

4.01 Financial risk factors
The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk, as explained below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close cooperation with key staff.

(a) Market risk is the risk of loss that may arise from changes in market factors, such as competitor pricing, interest rates, foreign exchange rates.

(b) Credit risk is the risk of financial loss to the Group if a client or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances.

(c) Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flow.

4. Financial risk management continued

4.02 Capital risk management

The Group is funded by equity and loans.

The objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. Expenditures on commitments are funded from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity.

Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans.

Aside from the contractual conditions of the Group's loan facilities, which include certain financial covenants, there are no externally imposed capital requirements.

4.03 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

5. Critical accounting estimates and judgements

The preparation of financial statements under UK adopted IFRS required the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Judgements

5.01 Functional currency

The functional currency is deemed to be Sterling, as the Directors consider that the primary economic environment.

5.02 Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the assets when they do reverse.

This requires assumptions regarding the future profitability of the Group for the 12 months from the date of signing of the financial statements, and as this is inherently uncertain, no deferred tax asset in relation to tax losses has been recognised in the financial statements. The Group has trading losses of £12.3m (2020: £8.5m) and non-trading losses of £0.5m (2020: £1.4m) carried forward.

5.03 Capitalised development costs

Capitalisation of development costs requires the Directors to make judgements in allocating staff time appropriately to relevant projects and in assessing the technical feasibility and economic potential of those projects.

These judgements have resulted in the intangible assets as set out in note 14.

5.04 Valuation of acquired intangibles

Management identified and valued acquired intangible assets on acquisitions made during the period. Management has applied judgements in identifying and valuing intangible assets separate from goodwill that consist of assessing the value of brands and customer relationships. The Board has a policy of engaging professional advisors on acquisitions with a purchase price greater than £5 million to advise and assist in calculating intangible asset values. The Group consistently applies the following methodologies for each class of identified intangible:

- Customer relationships – Net present value of future cash flows
- Intellectual Property – Cost to recreate the asset
- Brands – Royalty relief method

5. Critical accounting estimates and judgements continued

Estimates

5.05 Useful economic life of intangible assets

Assumptions are made on the useful life of an intangible and if shortened, would increase the amortisation charge recognised in the income statement. The identified intangibles are set out in note 14. There are a number of assumptions in estimating the present value of future cash flows including management's expectation of future revenue, renewal rates for subscription customers, costs, timing and quantum of future capital expenditure, long-term growth rates and discount rates.

During the year, the useful economic life of the customer relationships asset was reassessed, and amended from 15 years to six years from acquisition.

5.06 Carrying value of goodwill and other intangibles

The carrying value of goodwill and other intangibles is assessed at least annually to ensure that there is no need for impairment. Performing this assessment requires management to estimate future cash flows to be generated by the related cash generating unit, which entails making judgements including the expected rate of growth of sales, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows.

The Group now considers that it has two cash generating units in the Group as a whole.

LoopUp Platform

In the years since the acquisition of MeetingZone, the vast majority of MeetingZone's audio revenue customer base has been transitioned onto the LoopUp platform. The growing cloud telephony business also relies on infrastructure created within both the LoopUp and MeetingZone businesses. Staff and overhead costs have also been amalgamated such that it is not possible to separately identify the acquired MeetingZone business. This is entirely in line with the intention at the time of the acquisition. Impairment testing has therefore been carried out on this basis.

Hybridium

Hybridium (previously known as MashMe) revenues are delivered through a distinct technology platform, which was acquired with SyncRTC in October 2021. As this cash generating unit was acquired in the year, it is not required to be assessed for impairment.

5.07 Intangible asset life

Intangible assets are amortised over their estimated useful lives.

5.08 Share based payments

The Group operates a share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all the specified existing conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The significant judgements involved in calculating the share based payments charge are the fair value at the date of grant which is determined by using the Black-Scholes model, the staff retention rate which is determined with reference to historical churn and the estimated vesting periods which are determined with reference to the Group's forecasts. Additional disclosures on the calculation of share-based payments are provided in note 20.

The Group also operates an employee share incentive scheme (ESIS) pursuant to which employees can choose to sacrifice a percentage of their base salary in respect of an ESIS period (calendar quarters) and receive shares in the Group. The fair value of the shares issued in respect of each ESIS period is charged to the statement of comprehensive income as a share-based payment, with a corresponding increase in issued share capital and share premium account.

6. Revenue and segmental reporting

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

	LoopUp Platform Capabilities £000	Third party Resale Services £000	Hybridium £000	Total £000
For the year ended 31 December 2021:				
UK	7,027	1,624	13	8,664
EU	2,181	1,136	138	3,455
North America	5,363	1,684	61	7,108
Rest of World	269	–	30	299
Total	14,840	4,444	242	19,526
For the year ended 31 December 2020:				
UK	22,634	2,957	–	25,591
EU	6,217	1,573	–	7,790
North America	13,258	2,651	–	15,909
Rest of World	940	–	–	940
Total	43,049	7,181	–	50,230

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

	LoopUp Platform Capabilities £000	Third party Resale Services £000	Hybridium £000	Total £000
For the year ended 31 December 2021:				
Services transferred at a point in time	12,740	10	–	12,750
Services transferred over time	2,100	4,434	242	6,776
Total	14,840	4,444	242	19,526
For the year ended 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
Total	43,049	7,181	–	50,230

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

	2021 £000	2020 £000
LoopUp Platform Capabilities	11,740	33,497
Third Party Resale Services	1,487	2,101
Hybridium	241	–
Total	13,468	35,598

6. Revenue and segmental reporting continued

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

	2021 £000	2020 £000
Geographical analysis of non-current assets:		
UK	56,851	74,230
EU	253	24
North America	1,181	1,701
Rest of World	2	5
	58,287	75,960

7. Administrative expenses

The (loss)/profit from operations is stated after charging amounts as follows:

	2021 £000	2020 Restated £000
Staff costs (note 9)	7,223	13,773
Auditor's remuneration (note 8)	211	135
Foreign exchange loss	24	65
Other administrative expenses	4,814	6,297
Total adjusted operating expenses	12,272	20,270
Depreciation of owned property, plant and equipment (note 13)	934	818
Amortisation of right of use assets (note 13)	826	884
Amortisation of development costs (note 14)	5,582	4,581
Amortisation of acquired intangibles (note 14)	2,211	2,210
Exceptional reorganisation costs and tax charge	392	–
Exceptional impairment charge	19,597	–
Share-based payment charge (note 20)	2,208	575
Total administrative expenses	44,022	29,338

Exceptional reorganisation costs are legal and professional fees and staff termination costs incurred in relation to restructuring the Group in line with the strategic transition. The reorganisation impacted entities throughout the group, but principally LoopUp Limited and LoopUp LLC, where the majority of staff are employed. These are not expected to recur.

The exceptional impairment charge arose from an assessment of the carrying value of the customer relationships asset conducted in the year. As a result of this assessment, the value of the asset was impaired, and the useful economic life shortened (see note 14.03).

8. Auditor's remuneration

The Group obtained the following services from the auditor and their associates:

	2021 £000	2020 £000
Fees payable to the Group's auditor for the audit of the consolidated financial statements	150	115
Fees payable to the Group's auditor for the audit of the Parent Company's financial statements	10	10
Audit-related assurance services	8	10
Other professional services	43	–
Tax compliance services	–	–
Total auditor's remuneration (included within adjusted operating expenses)	211	135

Other professional services related to due diligence work on acquisition which took place prior to appointment as auditor.

9. Staff and remuneration

9.01 Number of staff

	2021 Number	2020 Number
Average number of employees (including Directors):		
Executive Directors	3	3
Non-executive Directors	3	3
Commercial	62	104
Engineering and development	60	53
Other	72	78
	200	241

9.02 Remuneration

	2021 £000	2020 £000
Aggregate remuneration of staff (including Directors):		
Short-term remuneration	10,906	16,952
Social security costs	1,333	1,532
Benefits in kind	1,017	1,265
	13,256	19,749
Capitalisation as development costs (note 14)	(6,028)	(5,976)
Included in adjusted operating expenses	7,228	13,773

In addition to the staff costs above, £738,000 (2020: £844,000) of outsourced contractor costs and £nil (2020: £46,000) of other, non-salary costs were incurred and capitalised as development costs.

9.03 Directors' remuneration

Remuneration of the Directors included within the statement of comprehensive income is as follows:

	2021 £000	2020 £000
Short-term remuneration	572	1,149
Share based payments	27	–
Benefits in kind	18	19
Non-Executive Director fees	45	79
	662	1,247

The highest paid director received remuneration in 2021 of £225,000 (2020: £514,000) including pension contributions of £nil (2020: £nil). The remuneration of key management personnel is shown in note 21.01.

10. Finance costs

	2021 £000	2020 Restated £000
Interest on loans	300	424
Loan facility fees	49	49
Interest charges on right of use assets	116	126
	465	599

11. Taxation

11.01 Income tax credit

	2021 £000	2020 Restated £000
Current tax		
Current period UK income tax	(1,878)	(1,450)
Current period foreign income tax	151	530
Adjustment for prior periods	53	222
Total current tax	(1,674)	(698)
Deferred tax adjustments (note 26)	(4,378)	390
Net income tax credit	(6,052)	(308)

11.02 Factors affecting the tax charge

The income tax charge differs from the theoretical charge arising from applying UK corporate tax rates to the profits for the reasons below:

	2021 £000	2020 Restated £000
UK corporate tax average rate	19%	19%
(Loss)/profit before income tax	(31,019)	5,661
Tax at the UK corporate tax rate	(5,894)	1,076
Effects of:		
Expenses deductable	(1,930)	–
Expenses not deductible for tax purposes	5,976	13
Losses surrendered for R&D credit	2,461	–
Additional reduction for R&D expenditure	(1,391)	(1,451)
Losses carried forward	(862)	–
Set against brought forward losses	(89)	(713)
Effect of foreign tax rates	55	22
Adjustment for prior periods	(16)	40
Deferred tax adjustments	(4,378)	390
Other differences	16	315
Net income tax credit	(6,052)	(308)

11.03 Factors that may affect future tax charges

The effective rate of UK corporate tax at the period end was 19%. An increase in the rate to 25% for the financial year commencing 1 April 2023 had been substantively enacted at the date of these financial statements.

12. Earnings per share

The basic earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	2021	2020 Restated
(Loss)/profit attributable to equity holders (£000)	(24,967)	5,969
Adjusted (loss)/profit attributable to equity holders (£000)(i)	(4,938)	9,144
Weighted average number of ordinary shares in issue (000)	63,992	55,330
Basic adjusted earnings per share (pence)(ii)	(7.7)	16.5
Basic earnings per share (pence)	(39.0)	10.8

The diluted earnings per share have been calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of shares in issue during the year, adjusted for potentially dilutive shares that are not anti-dilutive.

	2021 000	2020 000
Weighted average number of ordinary shares in issue	63,992	55,330
Adjustment for share options	–	5,065
Weighted average number of potential ordinary shares in issue	63,992	60,395
Diluted adjusted earnings per share (pence)(ii)	(7.7)	15.1
Diluted earnings per share (pence)	(39.0)	9.9

(i) Calculated as (loss)/profit attributable to equity holders adjusted for exceptional reorganisation costs, amortisation of acquired intangibles and share based payments charges.
(ii) Basic adjusted and diluted adjusted earnings per share are calculated using the (loss)/profit above and adjusting for exceptional reorganisation and tax charges, exceptional impairment charges, amortisation of acquired intangibles and share based payments charges.

13. Property, plant and equipment

13.01 Property, plant and equipment (Group)

	Computer equipment £000	Office equipment £000	Total £000
Cost:			
As at 1 January 2020	8,559	1,482	10,041
Additions	753	4	757
Disposals	(575)	(551)	(1,126)
Net exchange difference	(83)	(6)	(89)
As at 31 December 2020	8,654	929	9,583
Additions	614	3	617
Acquired on acquisition of SyncRTC (Note 22.02)	79	–	79
Disposals	(30)	(15)	(45)
Net exchange difference	20	1	21
As at 31 December 2021	**9,337**	**918**	**10,255**
Accumulated depreciation:			
As at 1 January 2020	6,525	779	7,304
Charge for the year	600	218	818
Disposals	(575)	(551)	(1,126)
Net exchange difference	(73)	(3)	(76)
As at 31 December 2020	6,477	443	6,920
Charge for the year	815	119	934
Acquired on acquisition of SyncRTC (Note 22.02)	51	-	51
Disposals	(30)	(15)	(45)
Net exchange difference	26	1	27
As at 31 December 2021	**7,339**	**548**	**7,887**
Carrying amount:			
As at 1 January 2020	2,034	703	2,737
As at 31 December 2020	2,177	486	2,663
As at 31 December 2021	**1,998**	**370**	**2,368**

13.02 Property, plant and equipment (Company)

The Company held no property, plant and equipment during the period.

13.03 Right of use assets

The balance sheet shows the following amounts in relation to leases:

	2021 £000	2020 Restated £000
Right-of-use assets		
Buildings	2,130	2,951
Lease liabilities		
Current	956	953
Non-current	1,463	2,372
	2,419	3,325

13. Property, plant and equipment continued

There were no additions to the right-of-use assets during 2021 (2020 restated: £558,000).

The income statement shows the following amounts relating to leases:

	2021 £000	2020 Restated £000
Amortisation of right-of-use assets Buildings	826	884
	826	884
Interest expense	116	126

The aggregate cash outflow in respect of leases in the year was £840,000 (2020: £828,000).

The Group's leases include various office premises, typically on rental contracts from three to ten years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants other than the security interests in the leased assets held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the future expected lease payments. The lease payments are discounted using the Group's incremental borrowing rate, estimated at 3.5%. The loan interest rate increased after the year-end to 4.5% above SONIA. The Directors will reassess the discount rate used in 2022 in the light of this change.

Lease payments are allocated between principal and finance costs. The latter is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. Payments associated with short-term or low value leases are recognised on a straight line basis as an expense on the income statement. The right of use assets balances were subject to prior year adjustments which are explained more fully in Note 24.01.

14. Intangible assets

14.01 Intangible assets (Group)

	Customer relationships £000	Brand and trademarks £000	Acquired goodwill £000	Development costs £000	Total £000
Cost:					
As at 1 January 2020	31,178	1,977	31,511	23,251	87,917
Additions	–	–	–	6,866	6,866
As at 31 December 2020	31,178	1,977	31,511	30,117	94,783
Additions	–	–	3,914	6,919	10,833
As at 31 December 2021	**31,178**	**1,977**	**35,425**	**37,036**	**105,616**
Accumulated amortisation:					
As at 1 January 2020	3,290	209	–	14,147	17,646
Charge for the year	2,078	132	–	4,581	6,791
As at 31 December 2020	5,368	341	–	18,728	24,437
Charge for the year	2,079	132	–	5,582	7,793
Exceptional impairment charge	19,597	–	–	–	19,597
As at 31 December 2021	**27,044**	**473**	**–**	**24,310**	**51,827**
Carrying amount:					
As at 1 January 2020	27,888	1,768	31,511	9,104	70,271
As at 31 December 2020	25,810	1,636	31,511	11,389	70,346
As at 31 December 2021	**4,134**	**1,504**	**35,425**	**12,726**	**53,789**

14. Intangible assets continued

14.02 Development costs

Amortisation and any impairment charges are included in operating expenses in the statement of comprehensive income. Intangible assets not yet ready for use are tested for impairment at least annually. Amortisation of each asset begins from the date the asset becomes available for use.

14.03 Goodwill, customer relationships and brands and trademarks

The addition to acquired goodwill in 2021 arose on the acquisition of SyncRTC. Aside from that, there were no additions to these assets in 2021 or 2020.

The customer relationships and brands and trademarks assets relate to the acquisiton of MeetingZone in 2018. The acquisition consisted of a single identifiable cash generating unit. The Group used specialist external advisors to value the separately identifiable assets acquired using an income approach to identify the present value of the future economic value of these assets and the resulting goodwill. Detailed three-year cash flow forecasts were produced at the time of the acquisition to support these valuations. The acquired customer relationships and brand assets were considered to have a useful economic life of at least 15 years when acquired.

The useful economic life of the customer relationships was reassessed in 2021, and it was determined that the churn in customers in the period since the acquisition results in a reduced assessment of the economic life of this customer book to six years (with 2.5 years remaining at 31 December 2021).

There was also determined to be an impairment in the value of the customer relationships asset, which was assessed by considering a discounted cash flow calculation of those acquired customers remaining, and making assumptions about future churn. This impairment resulted in an exceptional impairment charge of £19.6 million in 2021.

14.04 Impairment testing

The Group tests goodwill for impairment on an annual basis by considering the recoverable amount of each cash generating unit. The Hybridium cash generating unit was not tested for impairment in 2021, being the year of acquisition. There are no intangible assets with indefinite useful lives (other than goodwill).

For the purpose of impairment testing, the recoverable amount of the LPC cash-generating unit has been calculated with reference to value in use. The key assumptions for the period over which management approved forecasts are based and, beyond this, for the value in use calculations overall, are those regarding discount rates, growth rates and achievement of future revenues. In arriving at the values assigned to each key assumption management make reference to past experience and external sources of information regarding the future. The assumptions have been reviewed in light of the current economic environment. The key features of these calculations are shown below:

Period over which management approved forecasts are based	5 years
Growth rate applied beyond approved forecast period for both costs and revenues	2%
Pre-tax discount rate	8.8%

The discount rates used in each value in use calculation have been based upon divisional specific risk, taking account of factors such as the nature of service user need, cost profiles and the barriers to entry into each market segment as well as other macro-economic factors.

The Directors believe that, even in the current economic environment and taking into account the nature of the Group's operations, any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the cash-generating units' carrying amount to exceed the recoverable amount.

14.05 Intangible assets (Company)

The Company held no intangible assets during the period.

15. Trade and other receivables

	Group 2021 £000	Group 2020 Restated £000	Company 2021 £000	Company 2020 £000
Trade receivables	2,298	4,804	–	–
Accrued revenue	83	222	–	–
Amounts owed by subsidiary undertakings	–	–	69,329	60,815
Other receivables	–	8	–	–
Deposits and prepayments	1,227	1,841	–	–
	3,608	6,875	69,329	60,815
Current corporate tax	1,862	1,647	–	–

The Directors believe that the carrying value of receivables represents their fair value. In determining the recoverability of a receivable, the Directors consider any change in its credit quality from the date credit was granted up to the reporting date.

The largest single receivable at any time would typically constitute no more than 3% of total receivables and would relate to a blue-chip customer. As such, the concentrated credit risk is considered minimal.

Details of the credit risk management policies are shown in note 19.05. No collateral is held as security for trade or other receivables. The ageing analysis of trade receivables is as follows:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Not overdue	1,226	2,067	–	–
Up to 30 days overdue	697	1,675	–	–
Between 30 and 60 days overdue	127	499	–	–
Over 60 days overdue	465	1,027	–	–
	2,515	5,268	–	–
Provision for credit losses	(217)	(464)	–	–
	2,298	4,804	–	–

Amounts owed by subsidiary undertakings are repayable on demand and are interest free.

16. Cash and cash equivalents

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Cash and cash equivalents	5,465	12,086	–	–
	5,465	12,086	–	–

The cash and cash equivalents do not currently earn interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

17. Trade and other payables

	Group 2021 £000	Group restated 2020 £000	Company 2021 £000	Company 2020 £000
Current:				
Trade payables	2,320	3,650	–	–
Other tax and social security	1,064	2,653	–	–
	3,384	6,303	–	–
Accruals	1,148	2,927	–	–
Deferred income	888	680	–	–
	2,036	3,607	–	–
Lease liabilities (note 13.03)	956	953	–	–
	956	953	–	–
Borrowings (note 18)	1,700	1,700	–	–
	1,700	1,700	–	–
Total current liabilities	8,076	12,563	–	–

18. Borrowings

Borrowings held at amortised cost

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Current:				
Bank loan	1,700	1,700	–	–
Total current borrowings	1,700	1,700	–	–
Non-current:				
Bank loan	5,218	11,050	–	–
Debt acquired in SyncRTC acquisition	963	–		
Total non-current borrowings	6,181	11,050	–	–
Total of current and non-current borrowings	7,881	12,750	–	–

The Group's bank loan is a £17m facility arranged with the Bank of Ireland in June 2018 in connection with the acquisition of MeetingZone, and was amended in October 2021 in connection with the acquisition of SyncRTC.

The facility is a 5-year term loan – 50% amortising, 50% bullet repayment at maturity, at a floating interest rate of 2.5% over LIBOR, with a zero LIBOR floor. Repayments of £0.85m are made every six months, and a prepayment of £4.1 million was made in October 2021. As at 31 December 2021, the maturity date for the facility was 30 June 2023.

Subsequent to the year-end the facility was further amended. These amendments include extending the term of the loan to 30 September 2023, the removal of capital repayments until June 2023, an increase in the interest rate to 4.5% above SONIA, and the adoption of a different suite of covenants.

The Group also has access to a £1.5m revolving credit facility which has been reconfirmed in the amended facility agreement.

The facility includes security over the assets of LoopUp Limited and certain other subsidiary companies. The Group is required to ensure that it complies with covenants governing net debt/Adjusted EBITDA and Adjusted EBITDA/gross interest for the period of the loan. The Group has complied with all covenant tests up to the balance sheet date.

18. Borrowings continued

Debt acquired in SyncRTC acquisition comprises several loans, as below:

- Unsecured bank loans from Banco Sabadell, as below:
  - €40,000 taken in May 2020. Interest only for the first twelve months, following which the loan is repayable in 48 monthly instalments of interest and capital. The interest rate is 3.5% per annum.
  - €90,000 taken in May 2021. Interest only for the first eleven months, following which the loan is repayable in a single payment on the anniversary of the loan. The interest rate is 3.5% per annum.
- Unsecured bank loans from La Caixa, as below:
  - €100,000, taken in October 2019. Repayable in 48 monthly payments of interest and capital. Interest rate is 3.0%.
  - €120,000, taken in July 2020. Interest only for twelve months, following which the loan is repayable in 48 monthly instalments of interest and capital. The interest rate is 1.5%.
  - €40,000, taken in March 2021. Interest only for twelve months, following which the loan is repayable in 48 monthly instalments of interest and capital. The interest rate is 2.5%.
- An unsecured, non-bank loan from European Regional Development Fund, FEDER as part of a RETOS R&D project, which included grant and loan funding. The loan was made in three tranches: €180,000 in June 2016, €318,000 in June 2017 and €316,000 in June 2018. The tranches are each repayable in even annual payments, beginning around four years after drawdown of the tranche. The interest rate on each tranche is 0.06%.
- A non-bank loan from The European Union Agency for Cybersecurity (ENISA) for €200,000, made in November 2016. Repayable in 16 quarterly payments, which began in February 2019. Interest rate is 3.68%.
- A non-bank loan from the Centre for the Development of Industrial Technology (CDTI) a Spanish public sector organisation. The loan was initially created in November 2015, with drawdowns in 2016 (€124,000) and 2021 (€109,000). The loans are secured on a cash deposit of €124,000, held by Banco Santander. The loans are repayable in six-monthly payments of interest and capital. The interest rate is 0.163%.

Maturity analysis showing the contractual undiscounted cash flows.

The Group's non-derivative financial liabilities have contractual maturities as summarised below:

	Within six months £000	Six to twelve months £000	One to five years £000	Non-current later than five years £000
31 December 2021:				
Trade payables	2,320	–	–	–
SyncRTC acquired debt	–	–	963	
Bank loan	850	850	5,218	–
	3,170	**850**	**6,181**	**–**
31 December 2020:				
Trade payables	3,650	–	–	–
Bank loan	850	850	12,750	–
	4,500	**850**	**12,750**	**–**

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings £000	Short-term borrowings £000	Total £000
At 1 January 2020	12,750	1,700	14,450
Cash flows:			
– Repayment	(1,700)	–	(1,700)
At 31 December 2020	**11,050**	**1,700**	**12,750**
At 1 January 2021	11,050	1,700	12,750
Cash flows:			
– Repayment	(4,132)	(1,700)	(5,832)
– Reclassification	(1,700)	1,700	–
– SyncRTC acquired debt	963	–	963
At 31 December 2021	**6,181**	**1,700**	**7,881**

19. Financial instruments

There is an exposure to the risks that arise from the financial instruments. The policies for managing those risks and the methods to measure them are described in note 4.

19.01 Capital risk management

Funding to date has been by equity (note 20) and loans (note 18).

19.02 Financial assets

The following financial assets were held, all classified as loans, cash or receivables:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Cash and cash equivalents	5,465	12,086	–	–
Trade receivables	2,298	4,804	–	–
Amounts owed by subsidiary undertakings	–	–	69,329	60,815
Other receivables	–	8	–	–
Deposits	262	342	–	–
	8,025	17,240	69,329	60,815

19.03 Financial liabilities

The following financial liabilities were held, all classified as other financial liabilities:

	Group 2021 £000	Group 2020 (Restated) £000	Company 2021 £000	Company 2020 £000
Trade payables	2,320	3,650	–	–
Loans	7,881	12,750	–	–
Other payables	–	–	–	–
	10,201	16,400	–	–

19.04 Market risk

There is an exposure to the financial risk of changes in exchange rates impacting overseas revenues and costs. The Directors do not consider it appropriate to engage in hedging activities at this point in time, as the Group's US Dollar revenues and costs are naturally hedged, to a large degree.

19.05 Credit risk

Careful consideration is given to the choice of bank in order to minimise credit risk. Cash is held at different banks in each local jurisdiction. The amounts of cash held with those banks at the reporting date can be seen in the financial assets table above. Cash is held in local currency in each jurisdiction. Amounts held in non-sterling accounts are minimised where possible.

There was no significant concentration of credit risk at the reporting date other than as described at note 15.

The carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

A provision of £217,000 (2020: £464,000) has been made for impairment losses in relation to trade receivables. This represents 8.6% of gross outstanding trade receivables (2020: 8.8%). The Group considers the current level of this provision to be adequate to cover expected credit losses on trade receivables. Bad debt expenses are reported in the income statement.

In the Directors' opinion, there has been no other impairment of financial assets. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held as security in relation to its financial assets.

Amounts owed by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand.

19. Financial instruments continued

19.06 Liquidity risk management

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections.

19.07 Maturity of financial assets and liabilities

The maturity of non-derivative financial liabilities and assets at the reporting date are shown in note 18.

19.08 Fair value

The fair values of all the financial assets and liabilities on the balance sheet are considered to approximate to their carrying values.

Financial instruments are either carried at amortised cost, less any provision for impairment, or fair value. The fair value of long-term borrowings is the same as the carrying value of long-term borrowings as at 31 December 2021. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments which met any of the above classifications as at 31 December 2021 or 2020.

Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates with the following assumptions being applied:
- for trade and other receivables and payables with a remaining life of less than one year the carrying amount is deemed to reflect the fair value; and
- for cash and cash equivalents the amounts reported on the balance sheet approximate to fair value.

20. Share capital and share premium

20.01 Number of shares in issue

	2021 Number	2020 Number
Ordinary shares of 0.5p each	97,001,114	55,441,182
	97,001,114	55,441,182

20.02 Share capital at par, fully paid

	2021 £000	2020 £000
Carried forward:		
Ordinary shares of 0.5p each	485	277
	485	277
Movement in year:		
Shares issued:		
– Ordinary shares of 0.5p each	208	1
	208	1

20. Share capital and share premium continued

20.03 Changes to shares in issue

	2021 Number	2020 Number
Shares at the start of the year	55,441,182	55,245,182
Ordinary shares issued at £0.0128 - exercise of share options	–	75,000
Ordinary shares issued at £0.5000 - exercise of share options	–	9,000
Ordinary shares issued at £0.7500 - exercise of share options	–	112,000
Ordinary shares issued at £0.3730 - consideration for SyncRTC acquisition	5,374,050	–
Ordinary shares issued at £0.25 - placing	35,400,000	–
Ordinary shares issued at £0.2201 - pursuant to the ESIS	785,882	
Shares at the end of the year	**97,001,114**	55,441,182

20.04 Share premium account

	2021 £000	2020 £000
Brought forward	60,677	60,588
Arising during the year on issue of shares	10,183	89
Costs of share issue	—	–
Carried forward	**70,860**	60,677

20.05 Share options

The Group operates a shared-based payment scheme for employee remuneration, which is settled in equity. Options are granted to the majority of employees on a periodic basis. Options under the scheme will vest if certain conditions, as defined in the scheme, are met. Upon vesting, each option allows the holder to purchase one ordinary share at a price determined upon the issue of the option.

Outstanding share options were as follows:

	2021 Number	2020 Number
Outstanding at 1 January	5,459,929	4,992,645
Granted at £nil	5,412,538	–
Granted at £1.10	–	1,195,700
Cancelled and not replaced	–	(360,000)
Lapsed	(242,703)	(172,416)
Exercised (note 20.03)	–	(196,000)
Outstanding at 31 December	**10,629,764**	5,459,929

	2021 Number	2020 Number
Number of options exercisable at the balance sheet date	**9,026,017**	2,669,108

	2021 Number	2020 Number
At £nil	5,412,538	–
At £0.0128	127,387	127,387
At £0.50	88,000	88,000
At £0.75	3,877,030	4,020,280
At £1.105	1,084,705	1,181,450
At £3.175	2,500	2,500
At £4.40	37,604	40,312
Options outstanding at 31 December	**10,629,764**	5,459,929

20. Share capital and share premium continued

	£	£
Weighted average exercise price of outstanding options carried forward	0.41	0.83

In May 2020, the Group issued a total of 1,195,000 new share options at a strike price of £1.105, equal to the market price at the date of grant. These options vest over a four-year period with a one year cliff.

In October 2021, the Group issued a total of 5,412,538 new share options at a nil strike price, in lieu of paying bonuses relating to 2020 in cash. These options vested in full on issue.

20.06 Share-based payments

The fair values of the options granted have been calculated using a Black-Scholes model. Assumptions used were an option life of five years, a risk-free rate of 1.007%, a volatility of 25% and zero dividend yield. Other inputs were as follows:

	2021 Number	2020 Number
Number granted in year	5,412,538	1,195,700
Share price at grant date	£0.27	£1.105
Exercise price	£0.005	£1.105
Fair value of each issued option	£0.27	£0.265
Vesting period (years)	1	4
Allowance for leavers and failed vestings	0%	10%
Total charge for grant	£1,436,000	£285,000
Charge for the year:		
– 2021 grant	£1,436,000	–
– 2020 grant	£57,000	£33,000
– 2019 grant	£144,000	£144,000
– 2018 grant	£398,000	£398,000
Charge in relation to share options	£2,035,000	£575,000
Charge in relation to employee share incentive scheme	£173,000	–
	£2,208,000	£575,000

21. Related party transactions

21.01 Remuneration of key personnel

Key management of the Group are the members of the executive leadership team. Key management personnel remuneration includes the following expenses:

	2021 £000	2020 £000
Short-term remuneration	1,604	2,850
Share based payments	59	–
Benefits in kind	59	62
Total remuneration	1,722	2,912

21.02 Transactions and balances with key management personnel

	2021 £000	2020 £000
Amounts owed by/(to) key personnel:		
Steve Flavell	(19)	(13)
Michael Hughes	(36)	(29)
Mike Reynolds	(4)	(4)
	(59)	(46)

These amounts represent unpaid expense claims or fee invoices.

21. Related party transactions continued

21.03 Transactions with related companies and businesses

The Group has purchased services in the normal course of business from Silicon Valley Internship Program, a company of which Michael Hughes is the sole director and shareholder.

The purchases from this related party and the balance owed at year end are set out below:

	2021 £000	2020 £000
Purchases from related parties:		
Silicon Valley Internship Program	–	(46)
	–	(46)
Amounts owed to (by) related parties:		
Silicon Valley Internship Program	–	–
	–	–

22. Subsidiary undertakings and business combinations

22.01 Subsidiary undertakings

	2021 £000	2020 £000
At the start of the year	1,493	918
Additions – acquisition of subsidiary	2,547	–
Additions – issue of share-based payments in own shares to employees of Group undertakings	2,208	575
At the end of the year	6,248	1,493

The Company owns 100% of the issued shares of the following telephony and conferencing services subsidiaries which, taken with the amounts of share-based payments relating to shares in the parent but awarded to employees of subsidiaries, make up the carrying value of £6,248,000 (2020 Restated: £1,493,000).

22. Subsidiary undertakings and business combinations continued

	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by Group at year end 2021	2020
Owned directly by LoopUp Group plc:				
LoopUp Limited	UK	Telephony and conferencing services	100%	100%
SyncRTC Inc	USA	Hybrid meetings and events services	100%	–
Owned indirectly by LoopUp Group plc				
Held in LoopUp Limited:				
LoopUp LLC	USA	Telephony and conferencing services	100%	100%
LoopUp (Barbados) Limited	Barbados	Telephony and conferencing services	100%	100%
LoopUp (HK) Limited	Hong Kong	Telephony and conferencing services	100%	100%
LoopUp Australia Pty Ltd	Australia	Telephony and conferencing services	100%	100%
Pimco 2711 Limited*	UK	Dormant company	100%	100%
Warwick Holdco Limited*	UK	Holding company	100%	100%
Warwick Debtco Limited*	UK	Holding company	100%	100%
Warwick Bidco Limited*	UK	Holding company	100%	100%
MeetingZone Limited	UK	Telephony and conferencing services	100%	100%
MeetingZone GmbH	Germany	Telephony and conferencing services	100%	100%
MeetingZone Inc	USA	Telephony and conferencing services	100%	100%
MeetingZone Canada Limited	Canada	Telephony and conferencing services	100%	100%
Confy MeetingZone AB	Sweden	Telephony and conferencing services	100%	100%
LoopUp South Africa	South Africa	Dormant company	100%	100%
LoopUp SG Pte Ltd	Singapore	Dormant company	100%	100%
LoopUp India Private Limited	India	Dormant company	100%	100%
Loopup Brasil Solucoes Em Technologia Ltda	Brazil	Dormant company	100%	100%
Loopup Estonia OÜ	Estonia	Dormant company	100%	100%
Held in SyncRTC Inc:				
MashMe Group SL	Spain	Hybrid meetings and events services	100%	–
SyncRTC Limited*	UK	Hybrid meetings and events services	100%	–

* The company's subsidiary SyncRTC Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of their individual accounts by virtue of section 479A of the Companies Act 2006.

22. Subsidiary undertakings and business combinations continued

The registered offices of the companies in the Group are:

All UK subsidiaries	Tea Building, 56 Shoreditch High Street, London E1 6JJ, UK
LoopUp LLC	282 2nd Street, Suite 200, San Francisco, CA 94105, USA
LoopUp (Barbados) Limited	1st Floor, One Welches, St Thomas 220025, Barbados
LoopUp (HK) Limited	46/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
LoopUp Australia Pty Ltd	Level 10, 580 George Street, Sydney, NSW 2000, Australia
MeetingZone Canada Limited	11-1155 North Service Road West, Oakville, ON L6M 3E3, Canada
MeetingZone Inc	One Mifflin Place, Suite 40, Cambridge MA 02138, USA
MeetingZone GmbH	Hardenbergstr 32, 10623 Berlin, Germany
Confy MeetingZone AB	Sodra Forstadsgatan 40A, 21143 Malmo, Sweden
LoopUp South Africa	4 Lisbon Lane, Waterfall Coty, Jukskei View, Gauteng 2090, South Africa
LoopUp SG Pte Ltd	6 Battery Road #42, Singapore 049909
LoopUp India Private Limited	Plot No 66, Lower Ground Floor, #TheHub, Okhla Phase III, Okhla Industrial Estate, New Delhi 110020, India
LoopUp Brasil Solucoes Em Technologia Ltda	venida Paulista No 2064, 14 andar, Bela Vista, São Paulo - SP - CEP 01310-200, Brazil
LoopUp Estonia OÜ	Padriku tee 12/3-4, 11912 Tallinn, Estonia
MashMe Group SL	C/Cronos 20 bloque 2 1º4 28037, Madrid

22.02 Acquisition

On 1 October 2021, the Company acquired the entire share capital of SyncRTC Inc. The consideration of £2,547,000 million was comprised of cash of £542,000 and the issue of 5,374,500 shares at a price of £0.37303 each, being the market price, to a total of £2,005,000 paid on completion. In addition, the Group assumed £1 million of cash indebtedness of SyncRTC Inc.

The consideration for the acquisition was as follows:

	£000
Cash consideration – paid	542
Equity consideration – issued	2,005
	2,547

SyncRTC Inc, together with its subsidiaries MashMe Group SL and SyncRTC Limited (together "SyncRTC") provides a best-in-class experience for larger scale hybrid education and corporate training implementations. At the time of acquisition, SyncRTC had a customer base of approximately 30 education and corporate training customers including Said Business School at the University of Oxford, NYU Stern School of Business, Colorado State University, Saudi Aramco and Grupo Santander. SyncRTC brings meaningful differentiation to both LoopUp's Collaboration and Managed Events strategic rings by taking both into hybrid as well as purely virtual implementations. The Group plans to continue to target new business in higher education and increase investment into targeting new business in both corporate training and hybrid events leveraging cross-selling opportunities with its existing enterprise customer base.

22. Subsidiary undertakings and business combinations continued

The fair value of the assets acquired, and liabilities assumed was as follows:

	Book value £000	Fair Value Adjustment £000	Fair Value £000
Goodwill	–	3,914	3,914
Intangible assets	467	(467)	–
Tangible assets	28	–	28
Trade and other receivables	401	(73)	328
Cash and cash equivalents	(56)	–	(56)
Current liabilities	(882)	(17)	(899)
Non-current liabilities	(768)	–	(768)
Deferred tax	271	(271)	–
	(539)	3,086	2,547

Trade and other receivables shown above at a fair value of £328,000 has a gross contractual value of £401,000. The best estimate at the acquisition date of the contractual values not to be collected was £73,000. The goodwill represents the acquired workforce and the product synergies with the Group's business and customer-base.

SyncRTC contributed £242,000 revenue and £100,000 to the Group's loss between the date of acquisition and the reporting date. If the acquisition had completed on the first day of the financial year, the Group's revenue for the year would have been £20,205,000 and the Group's loss would have been £25,711,000.

The Consolidated Statement of Comprehensive Income includes nil of acquisition costs.

23. Dividends

The Directors do not recommend the payment of a dividend (2020: £nil).

24. Prior Year Restatements

24.01 Right of use assets

During the year, the Group identified that certain assets, liabilities and charges relating to right of use assets had been misstated in prior years. These balances have been restated as at 1 January 2020 and 31 December 2020, and the adjustments at each date are set out below:

	31 December 2020 £000	1 January 2020 £000
Right of use asset	527	76
Lease liabilities	(687)	(290)
Prepayments	131	–
Trade creditors	60	–
Opening reserves	–	214
Depreciation of right of use assets	3	–
Finance charges	31	–
Exchange differences	(65)	–

Basic and diluted earnings per share were each decreased by this adjustment by 0.06p in 2020.

24.02 Share-based payments

During the year, the Group discovered that the share-based payment expense had been erroneously recognised in LoopUp Group plc instead of in the subsidiaries in which the relevant employees were employed. Under IFRS 2 Share-based Payments, when a parent grants rights to its equity instruments to employees of its subsidiaries, this arrangement should be accounted for as equity-settled in the consolidated financial statements, but results in an investment being created in the parent's own statement of financial position. The subsidiaries concerned should measure the services received from the employees in their own financial statements in accordance with the requirements of IFRS 2 applicable to equity-settled transactions, which results in a corresponding increase being recognised in equity as a capital contribution from the parent.

There has been no impact on the prior year's Group profit or earnings per share for the year, however in the Company statement of financial position, the following adjustments have been made:

	31 December 2020 £000	1 January 2020 £000
Investments in subsidiaries	575	779
Share-based payments reserve	(575)	(779)

24.03 Deferred tax
During the year, the Group identified that in 2020 the deferred tax liability relating to the customer relationship and brand assets recognised on the acquisition of MeetingZone had been calculated at the incorrect main corporation tax rate. This deferred tax liability was intially calculated using a tax rate of 17%, as the reduction to this rate had been substantively enacted through parliament. However, in 2020, the UK government announced that the rate would remain at 19%. An adjustment should have been made in 2020, through the deferred tax charge, to reflect the new tax rate.

The adjustment results in an increase of £518,000 in the Group's deferred tax charge and deferred tax liability in 2020.

Basic and diluted earnings per share were reduced by this adjustment by 0.94p and 0.86p respectively in 2020.

25. Recognition of liabilities arising from financing activities

The change in the Group's liabilities arising from financing activities can be classified as:

	Long-term borrowing £000	Short-term borrowing £000	Total £000
1 January 2021	11,050	1,700	12,750
Cash flows:			
– repayment	(4,132)	(1,700)	(5,832)
– reclassification	(1,700)	1,700	–
– acquired on acquisition of SyncRTC	963	–	963
31 December 2021	6,181	1,700	7,881

26. Deferred Tax

Deferred tax assets and liabilities are attributable to the following:

	Intangible assets timing differences £000	Timing differences on tax losses £000	Total £000
Balance as at 1 January 2020 (Restated)	(5,709)	–	(5,709)
Timing differences recognised on tax losses	–	1,426	1,426
Timing differences recognised on intangible assets	(2,238)	–	(2,238)
Reduction in timing differences on amounts amortised	422	–	422
Balance as at 31 December 2020 (Restated)	(7,525)	1,426	(6,099)
Balance as at 1 January 2021	(7,525)	1,426	(6,099)
Timing differences recognised on tax losses	–	1,728	1,728
Timing differences recognised on intangible assets	(1,155)	–	(1,155)
Reduction in timing differences on amounts amortised	3,805	–	3,805
Balance as at 31 December 2021	(4,875)	3,154	(1,721)

27. Provisions

	2021 £000	2020 £000
At the start of the year	–	–
Provision in year	172	–
At the end of the year	**172**	–

Under three of its office leases, the Group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to do so. The provision as at 31 December 2021 is £172,000 (2020: £nil). The expiry dates of these leases fall between June 2023 and September 2024.

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