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16 July 2019

CloudCall Group plc
("CloudCall", the "Company" or the "Group")

Trading update for the six months ended 30 June 2019

CloudCall (AIM: CALL), a leading cloud-based software business that integrates communications technology with Customer Relationship Management (CRM) platforms, announces the following trading update for the six months ended 30th June 2019:

- *Revenue up 30% vs H1 2018 with recurring revenue up 34%*
- *Users up 37% vs H1 2018 to just under 37,000**
- *New orders received up 44% vs H1 2018, including the Company's first large enterprise deal*
- *In Q2, monthly net user growth exceeded the stated target of 1,000 per month*
- *US revenues now 40% of global recurring revenue*
- *US operations profitable and generating cash*
- *Terms agreed on a new £3m debt facility with Shawbrook Bank to replace current facility*
- *Available cash resources of £4.5m through a combination of its own cash, its new credit facility and its expected R&D tax credit*

Revenues for the six-month period were approximately £5.2 million, an increase of 30% against H1 2018, and recurring revenues up by 34% compared to the same period. Churn remains low and factoring in upsells, net renewal rates from existing customers remain above 100%, helping to drive revenue and user growth.

Simon Cleaver, CEO of CloudCall, commented:

"As our 'net user growth' KPIs clearly show, the first half of 2019 was another period of solid quarter-on-quarter acceleration, and I fully expect this trend to continue for the remainder of the year.

The "four pillars of growth" strategy we have in place is delivering results and despite some of our initiatives running at different speeds, is clearly already growing sales and visibly strengthening our pipeline of opportunities.

Whilst I am obviously pleased to note sales are growing strongly, and that we tracked above our target of 1,000+ net new users per month in Q2, for me, the standout development of the half has been the quantum change in larger customers that are considering adopting CloudCall's services. A number of these are very large, which if won, would have a significant impact."

Overview

At its Capital Markets Day in January 2019, the Company explained that investments being made are expected to drive growth in four areas ('the four pillars of growth'), pushing the important 'net user growth' KPI to over 1,000 per month on average for 2019. We are therefore pleased to report that in Q2 2019, monthly net user growth averaged 1,027.

Over the full 6-month period, monthly net user growth averaged 932, taking the total number of users to just under 37,000, an increase of 37% against H1 2018. A full breakdown of our average monthly net user growth since these investments were made can be seen below.

Total users	2018 H1	2018 Q3	2018 Q4	2019 Q1	2019 Q2*
Monthly average net user growth	580	673	775	837	1,027
Total users at end of period	27,000	29,018	31,343	33,855	36,936
*The Q2 2019 total users and monthly net new user growth figures are adjusted downwards due the staggered rollout of the below enterprise deal's 1,850 users.					

Commenting specifically on the four pillars of growth:

Bullhorn

CloudCall's partnership with Bullhorn and its customers continues to strengthen. Particularly notable in the period was the marked increase in larger customers actively expressing an interest in using CloudCall's service. The resulting sales pipeline for these larger deals, categorised as 500 to 1,000, and 1,000+ users, is significantly stronger than it has been before, and whilst sales cycles are lengthier, the Company remains confident that a number of these will become CloudCall customers before the year end.

In May, the Company announced that it had won the first of these larger customers, with a contract worth a minimum of £1.1m over three years, that sees CloudCall's service rolled out to nearly 2,000 users. Following a recent acquisition by this customer, discussions have already started to extend this by a further 500+ users. This was a particularly important win as it provides a reference point and comfort in CloudCall's abilities to the large prospects in our pipeline and Bullhorn's larger customers in general.

During the period, US operations grew strongly and, whilst the increase in interest from larger customers is notable on both sides of the Atlantic, it is particularly prevalent in the US. Overall, the US now generates nearly 40% of our global recurring revenues and we are also pleased to be able to report that US operations are now profitable and generating cash.

Additional CRM's

Demand from CRMs keen to integrate with CloudCall continues to grow and the Company is actively working with a number of these to complete integrations and begin marketing before the year end.

In June, the Company announced the first of these new integrations with The Access Group's 'Profile' recruitment CRM, used by ~15,000 users across ~500 companies. We are pleased to note, that since the partnership was announced, we have already begun receiving sales leads. Furthermore, discussions have started with the Access Group about integrating CloudCall with some of their other CRMs and systems.

Much of the technical work which was necessary for this first integration will enable faster future integrations. The Company therefore expects to accelerate the rate of CRM integrations, with further announcements expected in the second half of the year.

SMS and messaging upgrades to the existing customer base

SMS and messaging services are being adopted by both existing and new users faster in the US than in the UK. In the US, over 17% of customers have already upgraded and are using the service, driving strong growth in the number of SMS messages per month, which has tripled since the start of 2019.

The uptake of these new chargeable features in the US has helped the US deliver strong growth and profits for a number of months and is also helping to offset a reduction in recurring revenue per user from the larger deals being done there.

UK SMS sales have been lower than expected, however, and work continues to prioritise the development of integrations with the social media messaging platforms that the UK customers prefer.

We are seeing that increased recurring revenue per user (RRPU) from SMS services is working to counterbalance the downward pressure we experience with larger deals. Overall, recurring revenue per user (RRPU) has reduced by 2% to £27.40 since the year-end, the majority of which can be attributed to the 1,850-user enterprise deal announced in June 2019, with 800 of these users taking a lower cost VoIP only product.

Microsoft Dynamics and Referral Partnerships

Microsoft distributes its Dynamics 365 CRM through a network of reseller partners who sell, install, customise and maintain the CRM for their customers. These resellers are CloudCall's route to market for its integrated Microsoft Dynamics unified communications products.

It is encouraging to note, that when approaching these resellers, we have received considerable interest in the CloudCall service. Since the beginning of the year, the newly formed UK partnerships team has signed 15 referral partners. Most of this initial tranche of resellers are now onboarded, trained and delivering leads. The UK team are currently in discussions with a further batch of resellers, which we expect to onboard later this year.

Now that this initial tranche of referral partners is in place and delivering leads, and in combination with the August 2019 launch of the new version of CloudCall for Dynamics 365, which includes Broadcast SMS, we are confident that our Microsoft products will start delivering growth in the second half of the year.

Due to the success of the UK Team, in May 2019, a partner marketing sales person was recruited in the US, specifically to start approaching and onboarding US resellers in the same fashion and we look forward to reporting progress in due course.

The latest release of CloudCall's new Unified Communications for Microsoft Dynamics product has been a little longer in development than was first anticipated. This was due to a fundamental change in Microsoft's own user interface necessitating some redesign of our product. However, it is pleasing to note that CloudCall's new unified architecture enabled these significant changes to be included without too much delay, and release of the new full-spec unified communications product for Dynamics is expected in the coming weeks.

Cash and banking facilities

During its Capital Markets Day, the Company indicated it was reviewing its debt facilities.

With the current Barclays facility moving into its final year, we are pleased to report that we have gone to market and negotiated a more substantial facility with Shawbrook Bank.

This new £3m facility will replace the Company's existing £1.85m facility.

Outlook

Even with the lag in revenue from larger enterprise customers, the board expects the Company to deliver full year revenue growth of over 30 per cent for 2019 and to report revenues in the region of £11.7 million. With an increasing recurring revenue run-rate this year, the Company has a high degree of confidence that it is on-track to meet its future goals.

Whilst costs will continue to be tightly controlled, they will be constantly reviewed to ensure the Company has adequate resources in place for onboarding and servicing large enterprise clients.

The Company will also be hosting a webinar for investors at 11am on 16 July 2019.

To register your attendance and receive instructions to join the webinar, please go to:

https://cloudcall.zoom.us/webinar/register/WN_sS-vpgQKSOaibknXHKcZlg

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About CloudCall Group Plc

CloudCall is a software and unified communications business that has developed and provides a suite of cloud-based software and communications products and services. CloudCall's products and services are aimed at enabling organisations to leverage their customer data to enable more effective communications.

The CloudCall suite of software products allows companies to fully integrate telephony and messaging capability into their existing CRM software, enabling communications to be made, recorded, logged and categorised from within the customer relationship management (CRM) system with detailed activity reporting and powerful business intelligence capable of being easily generated.

At the end of June 2019, the Company had approximately 150 staff based predominantly in Leicester and London (UK), Boston (US) and Minsk (BY), with just under 37,000 end-users relying on CloudCall technology to power their daily communications.