

17 October 2017

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

CloudCall Group plc
(“CloudCall” or the “Company”)

**Proposed Placing to raise up to £5.7 million
and
Notice of General Meeting**

CloudCall to capitalise on near term growth opportunities

CloudCall (AIM: CALL), a leading cloud-based software business that integrates communications into CRM platforms, announces that it has raised approximately £3.5 million before expenses, by way of a placing of 2,457,774 new Ordinary Shares at 143.5 pence (the “Placing”). In addition, the Company has conditionally raised approximately £2.2 million, before expenses, by way of a placing of 1,505,226 new Ordinary Shares at 143.5 pence each (the “VCT/EIS Placing”), subject to receipt of advanced assurance from HMRC and to the passing of Resolutions at the General Meeting.

The Transaction was oversubscribed and the Placing Price represents a 5.3% discount to the Company’s closing price of 151.5 pence on 16 October 2017.

Transaction highlights

- Firm Placing to raise approximately £3.5 million through issue of 2,457,774 new Ordinary Shares to new and existing investors
- Conditional VCT/EIS Placing to raise further funds of approximately £2.2 million through issue of 1,505,226 new Ordinary Shares to new and existing investors
- Placing price represents a 5.3% discount*
- The Placing will allow the Group to capitalise on a number of near term growth initiatives, which the board believes will generate further Shareholder value
- Funding further de-risks growth strategy whilst simultaneously enabling the Company to accelerate growth plans beyond 2018

**Compared to closing price of 151.5 pence per share on 16 October 2017*

Rationale for the Fundraising

Cloudcall seeks to accelerate a number of strategic growth initiatives following the conclusion of the Placing. Over the past 12 months, management has demonstrated the effectiveness of the Group’s focused sales strategy through accelerating integration and sales within its key CRM providers, in particular Bullhorn.

The Placing will enable the Company to broaden its CRM sales channel partner strategy and bring forward additional new product development initiatives, which include the following:

- **To maximise the market opportunity of Microsoft Dynamics solution as a CRM partner**
 - Management seeking to replicate success achieved with Bullhorn, where deep operational integration and sales support delivers significant sales traction
 - Recruitment of dedicated sales and marketing and relationship management capabilities to support CloudCall’s solution across the Microsoft Dynamics platform post October 2017 launch
- **To further exploit the Group’s successful partnership with Bullhorn**
 - Accelerate traction through Bullhorn’s enlarged customer base, particularly post Bullhorn’s acquisition of Connexys, adding an additional 20,000 potential users across Bullhorn’s customer base for the Company to target
 - Continue to focus on larger customers across the Bullhorn platform, fully leveraging existing user relationships
- **To enable CloudCall to accelerate the roll out of its software solution to additional CRM partners**
 - Planned integration with two additional CRMs in 2018 to be supported by dedicated sales, marketing and partner management resource
- **To accelerate development and implementation of additional functionality and scalability to the CloudCall platform**
 - Accelerate development of its Euro billing and European servicing capacity
 - Development of new messaging products based around SMS and instant messaging technologies

Peter Simmonds, Non-executive Chairman of CloudCall, commented:

“We are delighted with such strong support from existing shareholders and welcome new shareholders onto the register. This support further validates our strategy of the last 18 months to focus on sizable CRM sales opportunities. These additional funds will enable us to capitalise on a number of near term sales opportunities without distracting our existing sales from Bullhorn.”

“We firmly believe cultivating strong relationships with leading CRM partners will further accelerate the adoption of our solution, as demonstrated by our highly successful relationship with Bullhorn. We look forward to updating the market on our progress as we continue to deploy our solutions across new customers and partners.”

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Steve Douglas / Ciaran Walsh

A circular containing details of the Transaction will shortly be posted to Shareholders, along with a form of proxy to vote at the General Meeting convened for 10.00 a.m. on 7 November 2017 the (the "Circular"). Capitalised terms in this announcement are defined as set out at the end of this announcement.

Introduction

The Company has today announced, a conditional Firm Placing to raise approximately £3.5 million (net of expenses) by the issue and allotment by the Company of 2,457,774 new Ordinary Shares at the Offer Price of 143.5 pence per Ordinary Share. The Firm Placing is within existing authorities and therefore is not conditional on the General Meeting or the Resolutions included.

In addition, the Company has conditionally raised approximately £2.2 million (net of expenses) through the VCT/EIS Placing by the issue and allotment by the Company of 1,505,226 new Ordinary Shares at the Offer Price. The VCT/EIS Placing is conditional upon, inter-alia, the Company receiving clearance from HMRC that the Company's business will qualify for the relevant tax reliefs in connection with the VCT/EIS Placing and to the passing of the Resolutions at the General Meeting. The Company has submitted an application for clearance to HMRC and it is expected that such clearance should be granted, following completion of the Firm Placing.

The VCT/EIS Placing is conditional, inter alia, upon Shareholders approving the Resolutions at the General Meeting that will grant to the Directors the authority to allot the VCT/EIS Placing Shares and the power to disapply statutory pre-emption rights in respect of the VCT/EIS Placing Shares. The Resolutions are contained in the Notice of General Meeting at the end of the Circular.

First Admission in respect of the Firm Placing Shares is expected to occur no later than 8.00 a.m. on 19 October 2017 or such later time and/or date as Cenkos Securities, Arden Partners and the Company may agree. Following admission of the Firm Placing Shares the Company will have 22,557,231 Ordinary Shares in issue; this figure may be used by shareholders as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change in their interest in, the Company under the FCA's Disclosure and Transparency Rules.

Second Admission in respect of the VCT/EIS Placing Shares is expected to occur within 7 business days following receipt of clearance from HMRC that the Company's business will qualify for the relevant tax reliefs in connection with the VCT/EIS Placing or such later time and/or date as Cenkos Securities, Arden Partners and the Company may agree. Neither the Firm Placing nor the VCT/EIS Placing are underwritten.

Background to and reasons for the Transaction

On 11 September 2017, the Company reported its interim results, showing underlying revenue growth of 40% to £3.2m and underlying recurring revenue growth of 61% compared against the previous period. The Company also reported strong growth in new user acquisition, averaging 633 per month in Q1 2017.

Much of this reported growth has been generated through the Company's key partner, Bullhorn, a leading CRM provider in the recruitment sector, with the internal sales team at Bullhorn having recently implemented CloudCall's solution. We are pleased to report progress in the uptake of

CloudCall's solution across Bullhorn's customer base, with the Company's penetration as of 30 June 2017 at approximately 19% and 4.5% in the UK and US respectively, versus 12% and <2% at 30 June 2016.

During H1 2017, the Company continued to improve its product through the development of its new 'unified' architecture. This new, scalable platform will allow CloudCall to launch additional functionality and integrate easily with additional CRMs. The platform has been built in such a way that the majority of functionality and logic is maintained and delivered centrally from CloudCall's platform rather than being built in the individual CRMs. Centralising the system in this way helps the Group manage its costs for ongoing development and maintenance.

The Company expects to launch its new Microsoft Dynamics CRM integration in Q4 2017. As the second largest CRM in the world, with an estimated user base of over 5 million and with limited direct competition for delivering integrated voice communications solutions, the Company anticipates seeing good traction from Microsoft Dynamics CRM in 2018. The Directors believe that the additional funding from the Firm Placing and VCT/EIS Placing will enable the Company to accelerate its market penetration through the recruitment of a dedicated sales and marketing team for Microsoft Dynamics CRM, rather than de-focusing the existing sales team from the Bullhorn opportunity.

The strategy to identify and cultivate strong relationships with key CRMs has been shown to be successful through the Company's traction within Bullhorn and the Company would seek to replicate this model with additional CRMs going forward.

The additional funding from the Firm Placing and VCT/EIS Placing would accelerate plans to launch with two additional CRMs, with a view to bringing them on board in early-2018. Each additional CRM would be supported by its own dedicated sales, marketing and partner management resource, maximising CloudCall's traction with the customer base.

Current Trading

The Company's interim results were released 11 September 2017. Since this date the Company continues to trade in line with market expectations.

The Firm Placing and VCT/EIS Placing

Details of the Firm Placing

The Company has conditionally raised approximately £3.5 million before expenses by the conditional Firm Placing of 2,457,774 Firm Placing Shares at the Offer Price to Placees.

The Firm Placing is conditional, *inter alia*, upon:

- (a) the First Placing Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to First Admission;
- (b) First Admission becoming effective by no later than 8.00 a.m. on 19 October 2017 or such later time and/or date (being no later than 8.00 a.m. on 31 October 2017) as Cenkos Securities, Arden Partners and the Company may agree.

If any of the conditions are not satisfied, the Firm Placing Shares will not be issued.

The Firm Placing Shares are not subject to clawback. The Firm Placing is not being underwritten.

The Firm Placing Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the Firm Placing Shares to trading on AIM. It is expected that First Admission will occur and that dealings will commence at 8.00 a.m. on 19 October 2017 at which time it is also expected that the Firm Placing Shares will be enabled for settlement in CREST.

Details of the VCT/EIS Placing

The VCT/EIS Placing is conditional, *inter alia*, upon:

- (a) the passing of the Resolutions at the General Meeting;
- (b) the Second Placing Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to First Admission;
- (c) First Admission becoming effective by no later than 8.00 a.m. on 19 October 2017 or such later time and/or date (being no later than 8.00 a.m. on 31 October 2017) as Cenkos Securities, Arden Partners and the Company may agree;
- (d) the Company receiving clearance from HMRC that its business, and its project relating to entering into a new product market or geographical market, will qualify for the relevant tax reliefs in connection with the total VCT/EIS Placing of £2.2 million (before expenses); and
- (e) Second Admission becoming effective by no later than 8.00 a.m. on the seventh business day following the date on which the clearance described in paragraph (d) above is provided, or such later time and/or date (being no later than 8.00 a.m. on 31 December 2017) as Cenkos Securities, Arden Partners and the Company may agree.

If any of the conditions are not satisfied, the VCT/EIS Placing Shares will not be issued.

The VCT/EIS Placing Shares are not subject to clawback. The VCT/EIS Placing is not being underwritten.

The VCT/EIS Placing Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the VCT/EIS Placing Shares to trading on AIM. It is expected that Second Admission will occur and that dealings will commence at 8.00 a.m. on the seventh business day following receipt of clearance from HMRC that the Company's business will qualify for certain tax reliefs in connection with the VCT/EIS Placing at which time it is also expected that the VCT/EIS Placing Shares will be enabled for settlement in CREST.

Use of net proceeds

The net proceeds of the Firm Placing and VCT/EIS Placing are expected to be approximately £5.3 million and it is proposed that such proceeds shall be used as follows:

- Approximately £1.5 million to be deployed towards current opportunities

- This funding will enable CloudCall to recruit and deploy additional partner development, business development, sales, and marketing resources that are not currently in the Group's plan before late-2018. This will enable it to push its new Microsoft Dynamics CRM product into the market more quickly and more effectively.
- Additionally this funding will be used to accelerate the development of the Group's Euro billing and European servicing capacity (which are currently further down the development roadmap). It will also allow CloudCall to integrate CloudCall with the Connexys CRM recently acquired by Bullhorn and to deploy further dedicated sales and marketing resource to address the 20,000 users that make up the Connexys base in mainland Europe.
- Approximately £2.2 million to be deployed towards new product development
 - This funding will accelerate the completion of CloudCall's new Unify architecture as a key enabler for the eventual deployment of its new Instant Messaging and SMS products.
 - This funding simultaneously allows for more resources to be deployed onto the development, marketing and eventual sale of those new products.
- Approximately £1.6 million to accelerate CRM integrations and strengthen the Company's balance sheet
 - To bring forward the Group's plans to expand its addressable market by integrating CloudCall with two further CRMs in early 2018 using Easy-integrator technology on the CloudCall Unify architecture and to support that with additional dedicated sales, marketing and partner management resource.
 - Strengthen the balance sheet to further de-risk the Company.

Proceeds from the VCT/EIS Placing, which are conditional upon receipt of clearance by HMRC, will be used to continue funding the development, marketing and eventual sale of two new messaging products based around SMS and instant messaging technologies.

The First and Second Placing Agreements

First Placing Agreement

Pursuant to the First Placing Agreement, Cenkos Securities and Arden Partners have agreed to use their respective reasonable endeavours as the placing agents of the Company to procure subscribers for the Firm Placing Shares at the Offer Price.

The First Placing Agreement provides, *inter alia*, for payment by the Company to Cenkos Securities and Arden Partners of commissions based on the number of Firm Placing Shares placed by Cenkos Securities and Arden Partners multiplied by the Offer Price.

The Company will bear all other expenses of, and incidental to, the Firm Placing including the corporate finance fee for Cenkos, the fees of the London Stock Exchange, printing costs, Registrars' fees, all legal and accounting fees of the Company and all stamp duty and other taxes and duties payable.

The First Placing Agreement contains certain warranties and indemnities from the Company in favour of Cenkos Securities and Arden Partners and is conditional, *inter alia*, upon:

- (a) the First Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to First Admission; and
- (b) First Admission becoming effective not later than 8.00 a.m. on 19 October 2017 or such later time and/or date as the Company, Arden Partners and Cenkos Securities may agree, being not later than 31 October 2017.

Cenkos Securities or Arden Partners may terminate the Firm Placing Agreement if, *inter alia*: the Company is in material breach of any of its obligations under the First Placing Agreement; or there has occurred, in the opinion of Cenkos Securities or Arden Partners, acting in good faith, a material adverse change in the business of the Group or in the financial or trading position or prospects of the Group.

Second Placing Agreement

Pursuant to the Second Placing Agreement, Cenkos Securities and Arden Partners have agreed to use their respective reasonable endeavours as agents of the Company to procure subscribers for the VCT/EIS Placing Shares at the Offer Price.

The Second Placing Agreement provides, *inter alia*, for payment by the Company to Cenkos Securities and Arden Partners of commissions based on the number of VCT/EIS Placing Shares placed by Cenkos Securities and Arden Partners multiplied by the Offer Price.

The Second Placing Agreement contains certain warranties and indemnities from the Company in favour of Cenkos Securities and Arden Partners and is conditional, *inter alia*, upon:

- (a) the passing of the Resolutions at the General Meeting without material amendment;
- (b) the First Placing Agreement having become unconditional in all respects and not having been terminated in accordance with its terms prior to First Admission;
- (c) the Company receiving clearance from HMRC that its business will qualify for the relevant tax reliefs in connection with the VCT/EIS Placing;
- (d) the Second Placing Agreement having become unconditional in all respects (save for the condition relating to Second Admission) and not having been terminated in accordance with its terms prior to Second Admission; and
- (e) Second Admission becoming effective not later than 8.00 a.m. on the seventh business day following the date on which the clearance described in paragraph (c) above is provided or such later time and/or date as the Company, Arden Partners and Cenkos Securities may agree, being not later than 31 December 2017.

Cenkos Securities and Arden Partners may terminate the Second Placing Agreement if, *inter alia*: the Company is in material breach of any of its obligations under the Second Placing Agreement; or there has occurred, in the opinion of Cenkos Securities and Arden Partners, acting in good faith, a material adverse change in the business of the Group or in the financial or trading position or prospects of the Group.

Related Party Transaction

Livingbridge VC LLP (“Livingbridge”) is considered a Substantial Shareholder under the AIM Rules and is subscribing for 696,498 VCT/EIS Placing Shares. This Placing participation constitutes related party transaction under Rule 13 of the AIM Rules. The Directors consider that, having consulted with Cenkos, the terms of Livingbridge’s participation in the Placing are fair and reasonable insofar as Shareholders are concerned.

General Meeting

The Directors do not currently have authority to allot all of the New Ordinary Shares and, accordingly, the Board is seeking the approval of Shareholders to allot the VCT/EIS Placing Shares at the General Meeting. The Firm Placing is within current authorities and therefore is not conditional on the General Meeting or the Resolutions included.

A notice convening the General Meeting, which is to be held at the offices of the Company at 1 Colton Square, Leicester, LE1 1QH at 10.00 a.m. on 7 November 2017, is set out at the end of the Circular. At the General Meeting, the Resolutions will be proposed to authorise the Directors to allot relevant securities up to an aggregate nominal amount of £301,045.20, being equal to 1,505,226 New Ordinary Shares (i.e. the maximum number of New Ordinary Shares available under the VCT/EIS Placing) and to authorise the Directors to issue and allot 1,505,226 New Ordinary Shares pursuant to the VCT/EIS Placing on a non-pre-emptive basis.

The authorities to be granted pursuant to the Resolutions shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2018 or the date falling six months from the date of the passing of the Resolutions (unless renewed, varied or revoked by the Company prior to or on that date) and shall be in addition to the Directors’ authorities to allot relevant securities and dis-apply statutory pre-emption rights granted at the Company’s Annual General Meeting held on 22 May 2017.

Recommendation

The Directors believe that the VCT/EIS Placing and the passing of the Resolutions are in the best interests of the Company and Shareholders, taken as a whole. Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own holdings of Ordinary Shares, totalling 1,372,338 Ordinary Shares, being approximately 6.83 per cent. of the Existing Ordinary Shares.

The VCT/EIS Placing is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the VCT/EIS Placing will not proceed.

Expected Timetable of Principal Events

Announcement of the Firm Placing, VCT/EIS Placing,	17 October 2017
Publication and posting of Circular and Form of Proxy	By 19 October 2017

First Admission and commencement of dealings in the Firm Placing Shares on AIM	8.00 a.m. on 19 October 2017
Firm Placing Shares credited to CREST members' accounts	19 October 2017
Latest time and date for receipt of completed Forms of Proxy to be valid at the General Meeting	10.00 a.m. on 3 November 2017
General Meeting	10.00 a.m. on 7 November 2017
Announcement of result of General Meeting	7 November 2017
Latest expected time and date of Second Admission and commencement of dealings in the VCT/EIS Placing Shares on AIM	within 7 business days following receipt of clearance from HMRC that the Company's business will qualify for the relevant tax reliefs in connection with the VCT/EIS Placing
Despatch of definitive share certificates in certificated form	within 10 business days of each of First Admission and Second Admission

Definitions

"Act"	Companies Act 2006 (as amended)
"AIM"	the AIM market operated by London Stock Exchange
"AIM Rules for Companies"	the AIM Rules for Companies and guidance notes as published by London Stock Exchange from time to time
"Arden Partners"	Arden Partners plc
"Board" or "Directors"	the directors of the Company as at the date of the Circular
"Capita Asset Services"	a trading name of Capita Registrars Limited
"Cenkos Securities"	Cenkos Securities plc
"Company" or "CloudCall"	CloudCall Group plc
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)

“CRM”	customer relationship management, an electronic system for maintaining customer information
“EIS”	the Enterprise Incentive Scheme under Part 5 of the Income Tax Act 2007
“Enlarged Share Capital”	the entire issued share capital of the Company following completion of the Firm Placing and First Admission
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited
“Existing Ordinary Shares”	the 20,099,457 Ordinary Shares in issue on the date of this announcement
"FCA"	the Financial Conduct Authority of the UK
“Firm Placing”	the firm placing by the Company of the Firm Placing Shares with certain institutional and other investors pursuant to the First Placing Agreement
“Firm Placing Shares”	2,457,774 new Ordinary Shares the subject of the Firm Placing
"First Admission"	the admission of the Firm Placing Shares to trading on AIM in accordance with the AIM Rules for Companies
"First Placing Agreement"	the agreement entered into between the Company, Arden Partners and Cenkos Securities in respect of the Firm Placing dated 17 October 2017, as described in the Circular
“Form of Proxy”	the form of proxy for use in relation to the General Meeting enclosed with the Circular
“FSMA”	Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the General Meeting of the Company, convened for 10.00 a.m. on 7 November 2017 or at any adjournment thereof, notice of which is set out at the end of the Circular
"Group"	the Company and its subsidiaries
“HMRC”	Her Majesty’s Revenue and Customs
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Firm Placing Shares and the VCT/EIS Placing Shares

“Notice of General Meeting”	the notice convening the General Meeting as set out at the end of the Circular
“Offer Price”	143.5 pence per New Ordinary Share
“Ordinary Shares”	ordinary shares of 20 pence each in the capital of the Company
“Placees”	subscribers for new Ordinary Shares pursuant to the Firm Placing or VCT/EIS Placing as the case may be
“Prospectus Rules”	the Prospectus Rules made in accordance with the EU Prospectus Directive 2003/71/EC in relation to offers of securities to the public and the admission of securities to trading on a regulated market
“R&D”	Research and development
“Registrars”	Capita Asset Services, a trading name of Capita Registrars Limited
“Regulatory Information Service”	has the meaning given in the AIM Rules for Companies
“Resolutions”	the ordinary and special resolutions to be proposed at the General Meeting, as set out in the Notice of the General Meeting
“SaaS”	Software as a service
“Securities Act”	US Securities Act of 1933 (as amended)
“Second Admission”	the admission of the VCT/EIS Placing Shares to trading on AIM in accordance with the AIM Rules for Companies
“Second Placing Agreement”	the agreement entered into between the Company, Arden Partners and Cenkos Securities in respect of the VCT/EIS Placing dated 17 October 2017, as described in the Circular
“Shareholders”	the holders of Existing Ordinary Shares
“Transaction”	the Firm Placing and VCT/EIS Placing
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States”, “United States of America” or “US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“VCT”	a Venture Capital Trust under Part 6 of the Income Tax Act 2007

“VCT/EIS Placing”	the placing by the Company of the VCT/EIS Placing Shares with certain institutional investors pursuant to the Second Placing Agreement, which is conditional, <i>inter-alia</i> , on the receipt of clearance from HMRC that the Company’s business, and its project relating to entering into a new product market or geographical market, will qualify for the relevant tax reliefs in connection with the total VCT/EIS Placing of £2.2 million.
“VCT/EIS Placing Shares”	1,505,226 new Ordinary Shares the subject of the VCT/EIS Placing

About CloudCall Group Plc

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

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

At the end of June 2017, the Company had approximately 100 staff based predominantly in Leicester (UK) and Boston (US) and currently has approximately 20,200 users.