22 March 2016

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

Final Results

SYNETY Group plc (AIM: SNTY.L), a leading cloud-based software and unified communications business, is pleased to announce its final results for the year ended 31 December 2015.

Financial Highlights

- Group revenues up 103% to £3.30m, 87% of which is recurring
- User numbers up 54% to just under 12,000
- Annualised recurring revenue (“ARR”) up by 54% on a year-on-year basis
- 7% year-on-year increase in Recurring Revenue per User
- Gross profit up 114% to £2.54m, margin up 420 basis points to 77%
- Monthly operating expenses decreasing through Q4 2015 and into 2016 in real terms
- Operating loss before non-recurring items decreased to £4.47m
- Cash and cash equivalents of £1.52m, operating cash burn reducing
- £900k Barclays loan facility in place post year-end
- Strong US growth with associated revenues up over 600% year on year

Operational Highlights

- Deepening relationships with our key CRM partners
- Rising levels of customer satisfaction and referenceability
- Significantly improved customer on-boarding and customer service experiences
- Ongoing product development work continues to add new features and improves CloudCall’s resilience even further

The Annual Report for the year ended 31 December 2015 will be published today on the Company's website at www.synety.com. Hard copies of the Annual Report will be posted to shareholders in due course and the Company will notify its shareholders once this has occurred.

An investor webinar is being held at 10.00 am on 22 March 2016 to present the Company’s final results. For further information regarding the webinar and how to register, please go to: www.cloudcall.com/events.

The Annual General Meeting of the Group will take place on Monday 23 May 2016 at 11.00 am at the offices of Synety Group plc, 1 Colton Square, Leicester LE1 1QH.

For further information please contact:

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Chairman's statement

As a young start-up SaaS business, Synety saw a year of significant progress in 2015.

- Monthly revenues showed a steady upward trend throughout the year
- Annual Revenues grew 103% to £3.3m (2014: £1.6m)
- The CloudCall product was enhanced in terms of functionality, reliance and usability
- Channel partner relationships deepened
- Underlying annualised operating cash burn significantly reduced (see glossary)
- Sales, operations and product development became much more aligned and focussed

Whilst this progress is visible in the financial results for the year just ended the full realisation will become obvious in the coming years.

An equity fund raising in April 2015 raised approximately £3m to finance the continued development of the business and in February 2016 a £900k loan facility was agreed with Barclays. The Board is of the opinion that, with continued tight cost control and sales and client retention levels prudently assumed to continue at a similar rate to H2 2015, the business will exit its cash burn phase without the need for further funding.

The Board has continually reviewed the progress of the business and dynamics of the market in which it operates. Research by Grand View Research suggests that the broader unified communications market will grow at over 16% pa compound until 2020 and that there will be a shift towards greater adoption of Cloud-based solutions which provide greater efficiency and productivity gains for the enterprise. The Board believes the Group is well placed to build on the opportunities that this market growth will create and will continue to review the operational plans and the longer term strategy to ensure the business is positioned to take full advantage of the growth opportunities that exist both in the UK and the USA.

During the year we made a number of changes to the Non-Executive board structure and the operational board to better align the team to the needs of the business.

I would like to thank Georg Oehm and David Whelan who retired from the Board in January 2016 for their contribution to the early stage development of the business and welcome Sophie Tomkins who joined us in August 2015 and who brings invaluable UK capital markets expertise to the Board.

At the end of 2015 we also made changes to the roles of the executive directors to bring increased focus on the agreed priorities of product development, customer satisfaction and US sales growth. Mark Seemann has stepped across to the role of President and Co-founder, enabling him to focus more directly on product development, whilst Simon Cleaver steps into the role of Chief Executive Officer.

I believe these changes have brought about greater clarity, alignment and focus for the whole management team who have demonstrated passion, commitment and energy throughout the year.

In the relatively short time that I have been involved with the Group I have seen it make great strides towards its strategic goals, driven by the hard work and enthusiasm of the whole team. On behalf of the Board I would like to extend my thanks and congratulations for all that has been achieved so far.

Of course, we all know that the journey is far from complete, and there remain many strategic and operational challenges and opportunities to be navigated by this young Group for it to reveal its true long term value. In my role as Non-Executive Director, and since January 4th this year, as Non-Executive

Chairman, I am confident that the necessary steps to strengthen the Board, optimise the performance of all the Group's resources, and build on the progress made to date, are in place or well advanced. All of which means that the Group can look forward with increased confidence to achieving its strategic objectives in 2016.

Peter Simmonds
Non-Executive Chairman
Synety Group plc

Business Review

2015 was a year in which the business took great strides forward. Notwithstanding the 100% plus growth in revenues and continuing strong growth in user numbers, excellent progress was made in a number of other key areas, including our ability to on-board and service larger customers, our partnerships with strategically important CRM partners, levels of customer satisfaction and improvements to the underlying resilience of our platform and product set. Naturally, we are disappointed to not yet be seeing the progress we are undoubtedly making being reflected in the share price. However, we remain confident that the current trajectory of the business will ultimately deliver greater value in that area.

Strategic Direction

In April, we announced a change in strategy, increasing our focus towards larger customers and key existing CRM partners, whilst simultaneously improving our on-boarding services to develop more up-front revenue streams and delivering greater overhead efficiencies. For this updated strategy to succeed, the Company needed to develop and deploy a more consultative sales approach, whilst at the same time, ensuring that customer on-boarding processes became more 'project' orientated and geared toward delivery of services to more sophisticated customers.

Operational Progress

We are pleased to report that we are able to show excellent progress in delivering this change. Sales processes and skills have improved considerably, and this in turn is leading to improved delivery, customer on-boarding and ultimately to better user adoption, increased customer satisfaction levels and referenceability.

We are seeing the impact of these improvements across the whole business. The tangible evidence of this success is manifesting itself in in various areas; cash burn being further reduced, and continuing to track in the right direction, customer on-boarding fees have increased nearly threefold and we are successfully selling to, and servicing, a number of large customers from diverse industries including:

- Randstad Hungary Kft - part of Randstad Holdings a global recruitment group
- Feefo Holdings Limited – a global internet feedback and ratings company
- E-crunch Ltd (crunch.co.uk) which provides accounting advice, bookkeeping and software to small UK companies and sole traders
- Mars Capital – Financial Services organisation that specialises in mortgage administration and servicing

It is worth noting that in many cases we are currently providing services to a limited proportion of employees within these large organisations. Delivering excellence to these customers and increasing these initial levels of penetration will be a major focus for us in 2016 and represents a considerable selling opportunity for the Group.

In 2015, we worked hard to further cement our partner relationships. Close and trusting relationships with these CRM partners are vital, particularly for introductions to the larger organisations within their customer bases. We believe our ability to successfully deliver to, and service, larger sophisticated businesses has already been noticed.

Bullhorn will be an increasingly important partner for our future growth. Bullhorn UK was one of our earliest partners and over 15% of their UK customer base already use CloudCall. However, we are still below 2% of their US base, and Andrew Jones, who, as previously announced, has moved to Boston to head up our US operations, will be working closely with Bullhorn with a view to increasing US penetration. In late 2015, we signed contracts with Apex Systems Inc., one of Bullhorn's largest clients, and whilst CloudCall implementation for that client is not scheduled until April this year, we have already been introduced to, and are in discussions with, a number of their other key accounts.

Our relationship with Salesforce.com has also been deepened by focusing on our key existing CRM partners and we are now holding sales and marketing events at Salesforce Tower in London. In addition to these events, we have recently launched and will be hosting quarterly 'Salesforce Midlands Users Group' events for like-minded Salesforce customers. We are also witnessing concrete evidence of the improvements made to our service and delivery functions, in the form of increased numbers of customer recommendations on Salesforce's 'App Exchange' marketplace. All this ongoing partner activity is driving improved lead flow from Salesforce and we now have a number of larger Salesforce customers billing and some global players currently testing CloudCall.

Future Developments

The changes to the business we announced in April amounted to a fairly fundamental change in strategy and without doubt caused some disruption to the business in 2015 however, these changes are now nearing completion and we fully expect to see further benefits being delivered in 2016 off the back of this work.

The Board looks forward to continuing to see the results of the strategic changes and related operational improvements feeding through into its financial performance as it continues to push towards break-even, however, longer term, it is the continuing improvements to customer service and customer satisfaction levels that will have the biggest impact on user adoption, repeat business and referenceability.

Following the recent Board changes announced at the end of 2015, a further in-depth review of the business and its strategy has taken place, at which the Board, having considered the progress made to date, decided to continue and accelerate the current strategy of focussing on existing CRM partners, targeting "sweet spot" customers and continuing the progress towards break-even.

As a consequence of this review, further reductions to non-customer facing operations were identified, and have already been actioned, with the net result of reducing costs by just under £40k per month with immediate effect.

Following these latest cost reductions, the Group's underlying annualised cash outflow from operations (see definition in the Glossary at the end of this announcement) will be reduced to under £200k per month. With continued tight cost control and a conservative assumption that sales and service delivery continues at similar levels to H2 2015 on average, we would expect this figure to drop by approximately £12k - £15k per month which, when considering year-end cash balances, newly signed loan finance from Barclays, and other expected cash flows, clearly shows us having enough cash to deliver this company to break-even without the need to raise further funds.

With this in mind, the Board looks forward to more progress in the year ahead and remains confident of the Group's future.

Financial Review

2015 saw the Group continue to grow revenues, with results for the year ended 31 December 2015 showing an increase of just over 100% to £3.30m from £1.63m (2014). As well as strong revenue growth, the Group also saw an improvement in gross margin to 76.9% (2014: 72.7%) as it continued to focus on the development and delivery of its higher margin on-boarding services.

Operating expenses before non-recurring items increased to £7.01m (2014: £6.53m), primarily due to additional planned investment in sales, marketing, customer service and research and development following the successful funding round in April 2015. Following these key investments, further operating reviews identified cost control and reduction measures that were put in place in order to level off and reduce monthly operating expenses. In the 6 months ended 31 December 2015, average monthly operating expenses (before depreciation / amortisation, financing costs and non-recurring charges) were 12% lower than the corresponding period in 2014. Since the beginning of 2016, a further full review of resourcing levels across the business will enable just under £40k per month to be removed from operating expenses with effect from April 2016, so it is expected that these reductions to underlying operating expense will continue through 2016.

The Group saw operating losses before non-recurring items reduce to £4.47m from £5.35m (2014). The reduced loss for the year was once again in line with our expectations, and reflects the combined contributions of higher revenues, higher gross margins and continuing operating expense efficiencies, all of which have been partially offset by further investments in research and development, strengthening the UK and US sales and marketing teams and improving customer service. Visible recurring revenues from software subscriptions and telephony services continued to build throughout 2015, slightly ahead of our expectations, due in the main to improvements made to customer delivery and implementation services, resulting in a much more effective throughput from sales to billing. Non-recurring revenues were 77% higher than last year, driven in the main by the new strategy to focus on creating more higher value up-front services income from on-boarding services, although it should be noted that this is slightly below expected levels as it took a little longer than expected to move away from the previous "standard set-up fee per user" approach.

Period-end cash and cash equivalents at 31 December 2015 were £1.52m (2014: £2.36m). Operating cash outflows of £3.71m (2014: £4.31m) were offset by net cash inflows from financing activities (see below) of £3.07m (2014: £4.89m).

Total equity attributable to shareholders was £3.29m at 31 December 2015 (2014: £2.27m). The major elements comprise cash and cash equivalents of £1.52m together with intangible assets of £0.51m and goodwill of £0.34m recognised in respect of the acquisition of Synety Limited in September 2012. Additionally, there is a £0.40m R&D tax credit receivable.

On 7 April 2015 shareholders approved the issue of 3,697,836 new ordinary shares in the Company, pursuant to a placing and open offer at a price of 90 pence per share to raise a total of £3.3m before fees and expenses in order to continue to fund the Group's expansion.

On 17 February 2016, the Company announced that it had agreed a loan facility with Barclays Bank whereby Barclays will make available a sterling term loan facility in an amount of £900,000 (the "Loan").

The Loan, which is for a fixed two year term, will provide access to additional capital for the Group's growth plan and for working capital for the Group generally. As per the terms of the Loan, £500,000 will be drawn down on 1 March 2016, and the balance is to be drawn at any time within the following six months. Interest is set at 8.7% above base rate and is payable quarterly. Repayment is by a single repayment of the principal in full on the final repayment date in 2018. The Loan is secured over the assets of the Group.

As part of the acquisition of Synety Limited, deferred contingent consideration of 740,861 shares in the Company became payable on 25 September 2015 after it was confirmed that the business had met the growth targets stipulated in the original Share Purchase Agreement. During the portion of the year running up to 25 September 2015, the Board considered it likely that the targets would be met, and the share price movement seen in 2015 to that point resulted in an exceptional credit of £0.75m in the 2015 income statement (2014: (£0.20m) charge).

The 2012 3-Year Management Incentive Plan ended on 25 September 2015. It was confirmed that the business had met the growth targets stipulated, and as a consequence 633,214 shares were issued to management. The 2012 Management Incentive Plan was subsequently closed.

Key Performance Indicators

On 28 April 2015, the Group announced that, as a consequence of its revised strategy, the decision was taken to no longer publish quarterly KPIs, instead, preferring to deliver performance updates through its Annual Report and Accounts and Interim Results Statement.

The principal audited KPIs for the Group are revenue, gross profit, operating profit / (loss), net profit / (loss) after non-recurring items and tax, net cash flow from operating activities and cash and cash equivalents. These KPIs are covered in the Financial Review above.

In addition, the Group reports the following unaudited KPIs; annualised recurring revenue (ARR), recurring revenue per user (RRPU), number of users, average users added per month, number of licences (discontinued since 25 September 2015) and average users per customer. Definitions of these unaudited KPIs are set out in the Glossary at the end of this announcement.

Key Performance Indicators (KPIs)				
	31 Dec 2013	31 Dec 2014	31 Dec 2015	**Growth in 2015**
Revenue	£0.55m	£1.63m	£3.30m	**+103%**
Gross Profit	£0.37m	£1.18m	£2.54m	**+115%**
Operating (Loss) before non-recurring items	(£3.04m)	(£5.35m)	(£4.47m)	**-16%**
Net (Loss) after non-recurring items and tax	(£3.58m)	(£5.26m)	(£2.87m)	**-45%**
Net Cash (Outflow) from Operating Activities	(£2.22m)	(£4.31m)	(£3.84m)	**-11%**
Cash and Cash Equivalents	£2.30m	£2.36m	£1.52m	**-36%**

Annualised Recurring Revenue (ARR)	£0.87m	£3.02m	£4.65m	**+54%**
No of End Users	2,678	7,705	11,836	**+54%**
Recurring Revenue Per User	£24.10	£30.48	£32.74	**+7%**
Av. New Users per Month	224	419	344	**-18%**
Av. Users Per Customer	10.1	11.7	15.5	**+32%**
Please see Glossary at the end of this announcement for definition of KPIs				

With another year of activity to report on, the business continues to deliver strong upward growth in user numbers and Annualised Recurring Revenue (ARR). Beneath these headline numbers, whilst monthly new user acquisitions has fallen back a little as a consequence of the change in strategy, revenue growth per user and average customer size continue to climb, showing early signs that the strategy change is delivering a smaller number of higher value new customers as intended, and that upsell marketing to existing customers is also beginning to create the required upgrade / user expansion activity.

Annualised Recurring Revenue (ARR) - this forward looking measure captures the future locked in visible recurring revenue expected from existing customers and signed orders over the coming 12 months, and has grown from £3.02m at the end of 2014, to £4.65m at the end of 2015.

Number of End Users – up 54% year-on-year in 2015.

Recurring Revenue Per User – has increased from £30.48 at the end of 2014, to £32.74 at the end of 2015 - a further solid increase which shows the increasing value being delivered to both new and existing customers as new products and functionality become available.

Average New Users per Month – average monthly user acquisition fell by 18% in 2015 as the business switched strategy from a high growth, lower value, user acquisition model toward a higher value proposition targeted at larger customers. Indications are that the business is now benefitting from this element of the revised strategy in the form of greater customer buy-in to higher quality on-boarding and more focused training and support at the point of service delivery, all of which reduces the drain on customer facing resources.

Average Users Per Customer – continuing the upward trend from 11.7 at the end of 2014 to 15.5 at the end of 2015, representing 32% growth year-on-year, which shows clearly the accelerating increase in the size of our customers (up from 15.8% growth the previous year). The Group continues to actively drive the growth of the customer base towards larger companies, offering greater economies of scale, resulting in enhanced margins and cost efficiencies as well as and opportunities for expansion revenues.

Number of Licences – following the completion of the management incentive plan and settlement of the contingent consideration on 28 September 2015 (see Note 6 to the Financial Statements), licence numbers are no longer being reported.

Key Performance Indicators - Note
The Board of Synety Group plc considers the key performance indicators (KPIs) identified above as key to understanding the performance of the business, and reports these KPIs externally as part of its half yearly updates. When calculating its KPIs, the Group considers the receipt of a signed order for a 12 month subscription as a "sale". For full definitions of the Group's KPIs, please refer to the Glossary at the end of this announcement.

Financial statements and notes

Consolidated Income Statement and Statement of Comprehensive Income

For year ended 31 December 2015

	Notes	Before non-recurring item Group 2015 £000	Non-recurring item (Note 6) Group 2015 £000	After non-recurring item Group 2015 £000	After non-recurring item Group 2014 £000
Revenue	2	**3,299**	**-**	**3,299**	1,629
Cost of sales		**(763)**	**-**	**(763)**	(445)
Gross Profit		**2,536**	**-**	**2,536**	1,184
Sales and Marketing expenses		**(1,589)**	**-**	**(1,589)**	(1,505)
Administrative expenses		**(3,936)**	**748**	**(3,188)**	(3,931)
Share based payments		**(166)**	**-**	**(166)**	(269)
Total administrative expenses		**(4,102)**	**748**	**(3,354)**	(4,200)
Research & development expenses		**(1,319)**	**-**	**(1,319)**	(1,026)
Operating loss before non-recurring items		**(4,474)**	**748**	**(3,726)**	(5,547)
Net financing income/(expense)		**17**	**-**	**17**	25
Loss before tax		**(4,457)**	**748**	**(3,709)**	(5,522)
Taxation	4	**833**	**-**	**833**	257
Loss for the year attributable to owners of the parent		**(3,624)**	**748**	**(2,876)**	(5,265)
Other comprehensive income					
Foreign exchange translation differences		**5**	**-**	**5**	-
Other comprehensive income		**5**	**-**	**5**	**-**
Total comprehensive income for the year		**(3,619)**	**748**	**(2,871)**	(5,265)
(Loss)/Earnings per share (£)					
Basic & fully diluted loss per share	9			**(0.25)**	(0.67)

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Non-current assets					
Investment in subsidiaries		**-**	-	**2,489**	2,600
Property, plant and equipment		**510**	646	**-**	-
Goodwill		**339**	339	**-**	-
Other intangible assets		**507**	801	**-**	3
		1,356	1,786	**2,489**	2,603
Current assets					
Inventories		**44**	70	**-**	-

Trade and other receivables	5	**620**	480	**11,677**	8,120
Research & development tax credit receivable		**400**	194	**-**	-
Cash and cash equivalents	6	**1,524**	2,359	**1,175**	2,083
		2,588	3,103	**12,852**	10,203
Total assets		**3,944**	4,889	**15,341**	12,806
Current liabilities					
Trade and other payables	7	**(535)**	(988)	**(284)**	(522)
Deferred income		**(9)**	(50)	**-**	-
Contingent consideration	3	**-**	(1,407)	**-**	(1,407)
		(544)	(2,445)	**(284)**	(1,929)
Non-current liabilities					
Deferred tax liabilities		**(112)**	(176)	**-**	-
Total liabilities		**(656)**	(2,621)	**(284)**	(1,929)
Net assets		**3,288**	2,268	**15,057**	10,877
Equity attributable to shareholders					
Share capital	8	**2,701**	1,686	**2,701**	1,686
Share premium		**59,607**	56,761	**59,607**	56,761
Translation reserve		**(7)**	-	**-**	-
Warrant reserve		**29**	29	**29**	29
Retained earnings		**(59,042)**	(56,208)	**(47,280)**	(47,599)
Total equity attributable to shareholders		**3,288**	2,268	**15,057**	10,877

Consolidated Statement of Changes in Equity

For year ended 31 December 2015

Group	**Share capital**	**Share premium**	**Translation reserve**	**Warrant reserve**	**Retained earnings**	**Total equity attributable to shareholders**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 January 2014	1,266	52,288	-	33	(51,216)	2,371
Loss For the period	-	-	-	-	(5,265)	(5,265)
Transactions with owners recognised in equity						
Equity settled share based payments	-	-	-	(4)	273	269
Issue of equity shares	420	4,473	-	-	-	4,893
Balance at 31 December 2014	1,686	56,761	-	29	(56,208)	2,268
Balance at 1 January 2015	1,686	56,761	-	29	(56,208)	2,268
Loss for the period	-	-	-	-	**(2,871)**	**(2,871)**
Other comprehensive Income						
Foreign exchange differences on translation of foreign operations	-	-	(7)	-	-	(7)
Total comprehensive income for the period	-	-	**(7)**	-	**(2,871)**	**(2,878)**
Transactions with owners recognised in equity						
Equity settled share based payments	-	-	-	-	37	37

Issue of equity shares	1,015	2,846	-	-	-	3,861
Balance at 31 December 2015	**2,701**	**59,607**	**(7)**	**29**	**(59,042)**	**3,288**

Share capital represents the nominal value of shares issued and paid up.
Share premium represents the excess of consideration received over the nominal value of shares issued.
Warrant Reserve represents the cumulative charge in respect of warrants issued over the Company's shares.

Retained earnings represents the cumulative retained earnings / (losses) of the Group and Company.

Consolidated Cash Flow Statement
For year ended 31 December 2015

	Notes	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Cash flows from operating activities					
Loss for the period		**(2,871)**	(5,265)	**(276)**	(346)
Adjustments for:					
Depreciation and amortisation		**511**	474	**4**	6
Fair value of contingent consideration		**(748)**	196	**-**	-
Loss on disposal of property, plant and equipment		**-**	2	**-**	-
Financial income		**(17)**	(25)	**(17)**	(19)
Financial expenses		**-**	-	**-**	-
Equity settled share-based payment expenses		**166**	269	**86**	176
Income Tax		**(833)**	(257)	**-**	-
Operating loss before changes in working capital and provisions		**(3,792)**	(4,606)	**(203)**	(183)
Decrease/(Increase) in trade and other receivables		**(140)**	(325)	**(3,512)**	(5,058)
Decrease/ (Increase) in inventory		**26**	(47)	**-**	-
(Decrease)/ Increase in trade and other payables		**(495)**	571	**(292)**	248
Cash absorbed by operations		**(4,401)**	(4,407)	**(4,007)**	(4,993)
Income Tax received		**565**	95	**-**	-
Net cash absorbed by operating activities		**(3,836)**	(4,312)	**(4,007)**	(4,993)
Cash flows from investing activities					
Net Interest received		**17**	25	**17**	19
Acquisition of property, plant and equipment		**(81)**	(547)	**-**	-
Development expenditure capitalised and other intangible assets acquired		**-**	-	**-**	-
Net cash absorbed by investing activities		**(64)**	(522)	**17**	19
Cash flows from financing activities					
Net proceeds from the issue of share capital		**3,074**	4,893	**3,074**	4,893
Net cash from financing activities		**3,074**	4,893	**3,074**	4,893
Net (decrease)/increase in cash and cash equivalents		**(826)**	59	**(916)**	(81)
Cash and cash equivalents at start of period		**2,359**	2,300	**2,083**	2,164
Effect of exchange rate fluctuations on cash held		**(9)**	-	**8**	-

Cash and cash equivalents at end of period	**1,524**	2,359	**1,175**	2,083

Notes to the financial statements

1. General information

The preliminary financial information does not constitute full accounts within the meaning of section 434 of the Companies Act 2006 but is derived from accounts for the years ended 31 December 2015 and 31 December 2014. The figures for the year ended 31 December 2015 are audited. The preliminary announcement is prepared on the same basis as set out in the statutory accounts for the year ended 31 December 2015. Those accounts, upon which the auditors issued an unqualified opinion, did not include a reference to any matters to which the auditors drew attention by way of emphasis, without qualifying their report, and made no statement under section 498(2) or (3) of the Companies Act 2006, will be delivered to the Registrar of Companies following the Annual General Meeting.

Statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis, without qualifying their report, and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), this announcement does not in itself contain sufficient information to comply with IFRSs.

Synety Group plc (the 'Company') is a company incorporated and domiciled in the UK and the Company and its subsidiaries are referred to as the 'Group'.

Going concern

The accounts have been prepared on a going concern basis.

The Group made a loss of £2,871k (2014: £5,265k) after non-recurring items in the year ended 31 December 2015. As at 31 December 2015 the Group had cash reserves of £1,524k (2014: £2,359k).

The Directors have prepared projections covering three years. Such forward looking projections are inevitably subjective and sensitive to changes in the underlying assumptions and the Directors have sensitised these projections accordingly, in particular to factor in a delay in the growth of revenue. These projections, as sensitised, indicate that, based on the assumptions underlying the projections, sufficient working capital will be available to settle liabilities as they fall due for at least 12 months from the date of approving these accounts.

The existence of a £900k loan facility with Barclays with effect from 17 February 2016 is also a key factor in providing the Directors with the comfort that they require to support the assertion that the current trajectory of the Group's sales income, combined with confirmed expense reductions, existing cash at bank, and other expected cash inflows, is enough to deliver the Company to cash break-even without the need to raise further funds.

For these reasons, the Directors have adopted the going concern basis in preparing the annual financial statements.

Note 2. Revenue

Revenue by location of customer

	Continuing operations	
	Group 2015 £000	**Group 2014 £000**
UK	**2,718**	1,485
USA	**513**	72
Rest of Europe	**68**	72
Total revenues	**3,299**	1,629

Revenue by product

All revenue is attributable to the Group's main activity, the provision of hosted telecoms solutions.

Information about major customers
The Group had no customers for continuing operations which represented more than 10% of sales in the period to 31 December 2015.

Note 3. Non-recurring Item

Contingent consideration for the issued share capital of Synety Ltd, acquired on 25 September 2012, of 740,861 ordinary shares was authorised by the Board on 28 September 2015 following confirmation that the target of 25,000 contracted user licences which would trigger the maximum contingent consideration was achieved by 25 September 2015 according to the terms of the share purchase agreement. The fair value of the contingent consideration at 25 September 2015, which was included in financial liabilities, was £659,000 (2014: £1,407,000) calculated at 740,861 ordinary shares to be issued at 89.0 pence, creating a credit to the profit and loss account in the current period of £748k. This financial liability has been subsequently settled following the issue of the appropriate amount of share capital as contingent consideration.

Note 4. Taxation

Recognised in the Consolidated Income Statement and Statement of Comprehensive Income

	Group 2015 £000	Group 2014 £000

Current tax income/(expense)

Current year tax credit	**400**	-
Adjustments in respect of prior year	**369**	194
Origination and reversal of temporary timing differences	**64**	63
Total tax income	**833**	257

Reconciliation of effective tax rate		
Loss before tax	**(3,709)**	(5,522)
Tax credit using the group's effective tax rate of 20.25% (2014 21.5%)	**751**	1,187
Share based payments- deferred tax asset not recognised	**(6)**	(58)
Tax losses not recognised	**(846)**	(983)
Depreciation in excess of capital allowances	**57**	(39)
Non-deductible expenses	**44**	(44)
Origination and reversal of temporary timing differences	**64**	-
Adjustment – R&D tax credit	**369**	194
Total tax in the income statement	**433**	257

Note 5. Trade and other receivables

	Group 2015 £000	Group 2014 £000	**Company 2015 £000**	Company 2014 £000
Trade receivables	**316**	170	**-**	-
Other receivables and prepayments	**304**	310	**39**	38
Amounts receivable due from group undertakings	**-**	-	**11,638**	8,082
	620	480	**11,677**	8,120

All trade and other receivables are expected to be recovered in less than 12 months except for the amounts due from group undertakings.

Note 6. Cash and cash equivalents

	Group 2015 £000	Group 2014 £000	**Company 2015 £000**	Company 2014 £000
Bank- current account	**826**	324	**517**	88
Bank- deposit account	**698**	2,035	**658**	1,995
	1,524	2,359	**1,175**	2,083

Note 7. Trade and other payables

	Group 2015	Group 2014	**Company 2015**	Company 2014

	£000	£000	£000	£000
Trade payables	**91**	261	**34**	32
Non-trade payables and accrued expenses	**453**	778	**149**	444
Amounts payable to (receivable from) group undertakings	**-**	-	**101**	46
	544	1,039	**284**	522

All trade and other payables are payable in less than 12 months.

Note 8. Share Capital

The issued, called up and fully paid share capital of the Company at 31 December was as follows:

Number of Shares	2015 (000)	2014 (000)	2015 (000)	2014 (000)
Allotted, called up and fully paid Ordinary shares of £0.20 each	**13,505**	8,431	2,701	1,686
Shares classified in equity	**13,505**	8,431	2,701	1,686

The movement in the issued share capital in the year was as follows:

Number of Shares	Ordinary Shares (000)
In issue at 31 December 2014 - fully paid	**8,431**
Issued in lieu of bonuses	**-**
Issued in consideration for additional shares placed	**3,698**
Issues in respect of contingent consideration	**741**
Issues in respect of long-term management incentives	**633**
Issues in respect of share options	**2**
In issue at 31 December 2015- fully paid	**13,505**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 9 April 2015, 3,697,836 ordinary shares were issued for cash at a price of £0.90 per share in order to fund further development and working capital in the Group.

On 5 October 2015, 1,374,075 ordinary shares were issued in order to settle management incentive plan and contingent consideration liabilities.

Note 9. Earnings per share

Basic earnings per share

The calculation of basic loss per share at 31 December 2015 of £0.25 (2014: £0.67) was based on the loss for the year attributable to owners of the parent of £2.87m (2014: £5.26m) and a weighted average number of Ordinary Shares outstanding during the period of 11,455,000 (2013: 7,879,000), calculated as follows:

(Thousands of shares)	**2015 (000)**	2014 (000)
Issued ordinary shares at start of period (*)	**8,431**	6,330
Shares issued in lieu of bonuses	**-**	83
Shares issued in respect of contingent consideration	**177**	-
Shares issued in respect of long-term management incentives	**151**	-
Issued for cash on 10th April 2015	**2,695**	-
Issued for cash on 9th April 2014	**-**	1,463
Issues in respect of warrants and options	**2**	3
Weighted average number of ordinary shares	**11,456**	7,879

Diluted earnings per share

The weighted average number of shares and the loss for the year for the purposes of calculating diluted earnings per share are the same as for the basic loss per share calculation. This is because the outstanding share options would have the effect of reducing the loss per share and would not, therefore, be dilutive under the terms of IAS 33.

Glossary

Underlying Annualised Operating Cash Burn

Underlying annualised operating cash burn is the Company's own measure of operating cash outflow after adjusting for irregular payment flows such as annual subscription fees, quarterly payments, one-time event costs etc., which can make it hard to see the underlying cash trajectory on a month to month basis. Essentially this measure adjusts for these events by removing the initial cost and replacing it to the cash-flow over the period to which the cost related. This measure does not include capital expenditure. This internal measure does not affect the Company's externally reported statements of cash-flow.

Number of Users

Number of End Users is defined as the actual number of individual users licenced to access the CloudCall platform.

Average Users per Customer (AUPC)
This is simply the average customer size calculated as the number of End Users divided by the number of customers.

Annualised Recurring Revenue (ARR)

ARR is a forward looking number based on products sold to date. To calculate the ARR, we strip out any one-off invoices such as set-up, hardware sales or professional fees and simply take the ongoing monthly recurring licence fees customers have subscribed for and add in the projected telecommunications income (average daily telecommunications spend X working days in an average month). This figure is then multiplied by 12 to give the expected annual recurring revenue.

The Board believes that this is the clearest way of expressing the underlying annualised recurring revenue as it levels out inconsistencies that may be caused by how many working days there are in any particular month– telecoms revenues that are not included in any calling package, are particularly sensitive to these fluctuations. It further removes any anomalies that may be introduced by large customers coming on-stream partway through the month which lower the ARPU since they are only billed for a partial month.

Recurring Revenue per End User (per month) (RRPU)

This figure is not simply the ARR divided by the number of End Users. RRPU is calculated by combining the actual billed subscription revenue with the monthly subscription fees ordered, together with an estimate of the related telecommunications spend (eliminating any one-off billings) and dividing by number of End Users. To date, the number Synety has circulated has been the RRPU for just the current month.

Having recently reviewed the KPIs, the Board believes that simply publishing a RRPU figure based on one single preceding month has some drawbacks and could possibly be misleading because of the variation in the number of working days etc. as explained above. Therefore, to smooth out these possible fluctuations, all future RRPU numbers published will be calculated on the average RRPU of the preceding three months.