

8 December 2020

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

Trading Update

CloudCoCo (AIM: CLCO), a UK provider of IT and communications solutions to businesses and public sector organisations, provides an update on trading for the year ended 30 September 2020 ("FY20"). The information presented is based on unaudited management accounts and is designed to provide investors with early insight into the Group's performance ahead of the release of the final results.

The Board is pleased to report continued delivery against the Group's strategic objectives in the six months ended 30 September 2020 ("H2"), building on the progress made in the six months to 31 March 2020 ("H1") following the acquisition of CloudCoCo Limited in October 2019 and the subsequent name change and appointment of a new management team.

Overview

- Resilient trading performance delivering year-on-year revenue growth despite Covid-19 pandemic (FY19: £7.3m)
- Total contract value ("TCV") signed up 97% against FY19, reflecting early successes in prioritising multi-year deals across both new and existing customers
- Trading EBITDA¹, a key marker for demonstrating the success of the Group's recovery to date, expected to be well ahead in H2 of the £68k achieved in H1 (FY19: loss of £235k),
- Substantial cost optimisation phases complete, with trading overheads reduced
- Cash positive in FY20 following decrease of £1.1m in FY19 (the Group has made use of government financial support schemes such as furlough and VAT deferral)

Post-period

- Extension of contract with Vantage Motor Group, one of CloudCoCo's largest clients, for an additional three years
- First customer signed and development of a growing pipeline of opportunities for the Group's global remote access solution for UK education institutions (enabling international students to continue their studies abroad reliably and securely)
- All qualifying employees granted performance-based share options under 'CoCo-One' initiative to align staff incentivisation with shareholders' interests
- New website launched

Outlook

- The Board is pleased with the progress made by the new management team. Despite the continuing uncertainty in the wider environment, the Board remains confident of further strategic progress in the current financial year

Mark Halpin, CEO of CloudCoCo:

"The Group has made encouraging progress in the year, known internally as the 'get well' phase of our strategy. Despite the disruption caused by the pandemic and the uncertain wider economic backdrop against which we continue to operate, we have demonstrated tangible delivery against all

four of our strategic objectives – increase sales, reduce customer churn, reduce costs and return to net cash generation – and move into the new financial year a stronger, more streamlined and efficient business than we were when we entered FY20.

As reported at the half year, at the outbreak of the pandemic our customers initially turned to us for additional hardware and support as they transitioned towards remote working. In the months since, while we were not immune to Covid-related industry-wide headwinds as organisations delayed and deferred buying decisions, we delivered a solid trading performance in the circumstances, signing business with both new and existing customers. Post-period, I'm pleased to report one of our largest clients, Vantage Motor Group, has signed a new multi-year extension, and we have completed our first global remote access solution deal with a UK education institution.

While the Group has undergone significant positive change since the acquisition of CloudCoCo Limited in October 2019, we know we still have a way to go to get the business to where we want it to be. FY21 will see us move into the 'get fit' phase of the recovery strategy as, having steadied the ship and laid the foundations for growth, we focus more on continuing to land new business and further improving the quality of our revenues.

Our in-house expertise and diverse ecosystem of partnerships means we are ideally placed to help organisations create better business outcomes in today's rapidly changing world. As with any turnaround story – especially one set against the backdrop of a global pandemic – there will inevitably be further obstacles to overcome, but it is clear we are moving in the right direction."

Simon Duckworth, non-executive chairman of CloudCoCo:

"On behalf of the Board I would like to again thank everyone at CloudCoCo for their efforts in what has been a year of hard work and upheaval in challenging circumstances. Our colleagues are the lifeblood of the Company, and I am delighted to be able to welcome them as share option holders so they can share in our success."

¹ earnings before net finance costs, tax, depreciation, amortisation, plc costs, separately identifiable items and share-based income and payments

Contacts

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About CloudCoCo

Supported by a team of industry experts and harnessing a diverse ecosystem of partnerships with blue-chip technology vendors, CloudCoCo makes it easy for businesses and public sector organisations

to work smarter, faster and more securely by providing a single point of purchase for their connectivity, telephony, cyber security, cloud, IT hardware and support needs.

CloudCoCo has offices in Warrington and Leeds in the UK.

www.cloudcoco.co.uk