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7 November 2023

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

**Year End Trading Update**

*Performance in line with market expectations*

CloudCoCo (AIM: CLCO), a leading UK provider of Managed IT services and communications solutions to private and public sector organisations, is pleased to provide an update on its trading for the year ended 30 September 2023 ("FY23").

**Highlights:**

- Revenue expected to be no less than £26.0m (FY22: £24.2m)
- Trading Group EBITDA<sup>1</sup> expected to be in the region of £1.9m (FY22: £1.6m)
- Signed 42 new logo customers in the year (FY22: 39)
- 110% increase in MoreCoCo ecommerce sales to £4.2m following growth initiatives
- Identified significant monthly cost savings and efficiencies in acquired businesses

<sup>1</sup> earnings before net finance costs, tax, depreciation, amortisation, plc costs, exceptional costs and share-based payments.

The Group delivered a solid performance in line with market expectations against a backdrop of a challenging macroeconomic environment, with revenue expected to have increased to at least £26.0 million (unaudited), growth of 7% over FY22. Trading Group EBITDA<sup>1</sup> is expected to have increased by at least 18% to £1.9m (unaudited). The trading performance has been supported by an increase in MoreCoCo ecommerce sales and further cost savings and efficiencies.

With a number of the Group's business customers closing their operating locations, consolidating operations and reducing their employee headcount, the Group has exceeded its expectations in the number of customer contract renewals signed in the year, alongside further growth in new customers. The success of MoreCoCo, the Group's ecommerce website, is a particular highlight, with the initiatives to increase visitors and conversions leading to a 110% increase in sales to £4.2m (FY22: £2.0m) reflecting the global trend towards a next-day ecommerce sales experience for technology goods.

Despite the global economic and political challenges, the Group continued to make significant operational progress in preparation for an acceleration of growth when conditions permit. The Group's sales and support functions have been reorganised and optimised, enabling greater focus and collaboration across the different parts of the business.

In line with long-term market trends, a key focus in the year has been on strengthening the Group's Cybersecurity and Multi-cloud practices through the addition of new talent and partners. The Board believes these to be particularly attractive near-term growth opportunities and is investing the Group's resources in order to capitalise on them. Underlining our confidence in the opportunity ahead,

independent sources estimate the UK's cybersecurity market to reach a value of \$23.4bn by 2028, registering a CAGR of over 10%<sup>2</sup>. Similarly, the UK's multi-cloud computing market is cited as the fastest growing in Europe, with the worldwide market set to be worth \$76.3bn by 2023, registering a CAGR of 28.3%<sup>3</sup>.

The Group's previously announced strategic partnership with Ingram Micro has progressed well and is now contributing to the Group's pipeline of multi-cloud opportunities.

Management continued to be proactive in reducing costs and improving efficiency across the Group in the year. The newly formed commercial team has reviewed all supplier relationships and successfully reduced the number of suppliers from 450 to 220 while identifying over £50k of ongoing monthly savings which will further enhance our profitability in FY24.

## **Outlook**

While the current economic climate will continue to present near-term challenges, the work that has been completed to streamline and focus the Group positions it well for continued progress in FY24, particularly in the areas of Cybersecurity and Multi-cloud.

In addition to strengthening our organic sales capabilities, the Group continues to appraise opportunities to accelerate growth through acquisition. The Directors are currently in discussion with several parties regarding potential options to refinance or repay its loan notes, which currently sit at £5.5m, ahead of the October 2024 repayment date.

### **Mark Halpin, CEO of CloudCoCo, commented:**

*"It's been a challenging year as anyone in the industry will tell you, so we're pleased to have delivered a performance in line with market expectations while continuing to lay the groundwork for our long-term success.*

*"We recognised the changing IT landscape was creating huge opportunities in Cybersecurity and Multi-cloud and have responded by bolstering our capability in these core pillars. Pipelines are growing at a healthy rate as a result and we're confident in our ability to gain further traction in FY24.*

*"I would like to reassure investors that refinancing the debt is a key priority for the Board allowing CloudCoCo to continue to make progress both organically and through acquisition towards its ambition of becoming a £100m revenue company."*

## **References**

<sup>2</sup> <https://www.mordorintelligence.com/industry-reports/uk-cybersecurity-market/market-size>

<sup>3</sup> <https://www.marketresearchfuture.com/reports/multi-cloud-computing-market-12222>

Note: the figures for FY23 provided above are unaudited. The Group expects to announce full audited results for FY23 in February 2024.

## **Contacts:**

### **CloudCoCo Group plc**

Mark Halpin (CEO)  
Darron Giddens (CFO)

Via Alma

### **Allenby Capital Limited – (Nominated Adviser & Broker)**

Jeremy Porter/Daniel Dearden-Williams (Corporate Finance)  
Tony Quirke/Amrit Nahal (Equity Sales)

Tel: +44 (0)20 3328 5656

### **Alma – (Financial PR)**

David Ison  
Kieran Breheny

Tel: +44 (0)20 3405 0205

[cloudcoco@almastrategic.com](mailto:cloudcoco@almastrategic.com)

## **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 private and public sector organisations to work smarter, faster and more securely by providing a single point of purchase for their Connectivity, Multi-Cloud, Collaboration, Cyber Security, IT Hardware, Licencing, Support and Professional Services.

CloudCoCo has headquarters in Leeds and regional offices in Warrington, Sheffield and Bournemouth.

[www.cloudcoco.co.uk](http://www.cloudcoco.co.uk)