26 September 2014

**EU Supply Plc**

**("EU Supply", "the Company" or "the Group")**

**Unaudited interim results for the six months ended 30 June 2014**

EU Supply, the e-procurement SaaS provider, is pleased to announce its interim results for the six months ended 30 June 2014.

**Financial highlights:**

- **Revenue grew by 21% to £1.1m as the momentum following the IPO was reflected in increased sales activity**
- **Costs increased by 21% reflecting principally the increase in sales staff recruited to accelerate the revenue growth**
- **Pro-forma net cash of £1.392m***
- **£1.6m of cash was used in the period to fund the increase in staff and also an increase in receivables due to both the additional revenue and also a short term payment deferment from a customer now resolved**
- **In July 2014 £1.3m was raised by way of a placing of new shares for working capital**

**Pro-forma net cash includes the proceeds of the placing completed on 16 July 2014, net of costs*

**Operational highlights:**

- **Funds from the IPO in 2013 used to recruit a sales team in the UK, Denmark and Sweden - generating a growing pipeline for H2 2014 and beyond**
- **Extension of all long-term revenue generating contracts that were otherwise due to expire, demonstrating strong customer support**
- **Norwegian Government platform for public contracts went live as planned on 1 January 2014**
- **Lithuanian framework contract signed in June 2014, and two subsequent significant contracts signed as part of the framework**
- **Successful entry into private sector, with several contracts secured**

**Commenting on the results, Thomas Beergrehn, CEO of EU Supply said:**

*"The first half of 2014 was in line with the Board`s expectations. We continue to service the needs of our existing customers for this year and beyond and continue our dialogue with a range of new additional customers in order to understand and service their needs. We look forward to another strong period of growth in H2 2014.*

*Although one of the major contracts expected to be signed shortly following the AGM has been delayed and we have prudently taken this out of our budget, the Group has signed a number of new smaller agreements that will contribute to second half growth, including Agder Energi, Ingeniører´ne A/S, Copenhagen Airport and Energinet.dk and ISOS Housing.*

*We are confident that 2015 will deliver strong and profitable growth for EU Supply when several revenue share agreements following ongoing piloting and initial adoption should start generating significant contribution."*

**FURTHER ENQUIRIES**


| | |
|---|---|
| **EU Supply PLC** | Via Newgate Threadneedle |
| Thomas Beergrehn, CEO | |
| Mark Elliott, CFO | |
| **Westhouse Securities** | Tel: 020 7601 6100 |
| Tom Griffiths, David Coaten | |
| **Newgate Threadneedle** | Tel: 020 7653 9850 |
| Caroline Forde, Josh Royston, Hilary Millar | |

**Notes to Editors**

EU Supply is the UK holding company of the EU Supply Group, a Sweden-based e-commerce business, which has an established, market-leading, multilingual e-procurement platform for e-sourcing, e-tendering and contract management, tailored for the highly regulated European public sector market.

Since 2006, the Group has invested heavily in employing specialist programmers to add functionality, legal compliance as required and security features to its Complete Tender Management™ ("CTM™") platform to ensure that the Group is ideally placed to secure new contracts with EU Member States and their Contracting Authorities. The platform is available in 16 different languages.

The Directors believe that the Group's CTM™ platform is one of the easiest to use and most functionally advanced solutions available in the market. The CTM™ platform is used by over 7,000 European public sector bodies in 10 EU/EEC Member States and has National Procurement System status in four Member States (the UK, Ireland, Norway and Lithuania).

The Company's shares were admitted to trading on AIM on 13 November 2013 ("Admission") when the Company raised £5.0 million before expenses. More recently, in July 2014, the Company raised a further £1.35 million by way of a placing of new ordinary shares at 33p per share (the “Placing”), the proceeds of which were mainly used to strengthen the Company's balance sheet, provide working capital to support the growth of the business as it expands and aims to gain market share and to provide additional funds for sales and marketing.

**CEO Statement:**

The Group`s successful IPO onto AIM last November provided the financial strength and market exposure to enable the business to address the significant market opportunity offered by the implementation of the EU directives for e-procurement over the next few years. In H1 2014, the Company successfully recruited an international sales team to address this opportunity.

Following the period end, the Group successfully raised £1.3m by way of a placing of new shares at 33p per share with institutional and other investors for working capital purposes. The Board has commenced to recruit additional members of the Group's sales team.

With a growing pipeline of new business, an enlarged sales force and new EU Directives, the Board is confident of substantially increased revenues in H2 2014 and future years.

*Customer renewals*

I am pleased to report that during the year to date the Group has successfully extended all of its longer term revenue generating contracts, including the largest contracts, such as Trafikverket (national rail and road of Sweden), which were otherwise due to expire during the period. We believe that this shows both strong customer support and a high level of satisfaction with EU Supply's CTM™, Complete Tender Management™ solution, and services.

*Significant customer implementations and farming pipeline from such*

Doffin, the Norwegian Government's platform for the mandatory publication of notices of public contracts, went live as planned on 1 January 2014. Initial revenues under this contract started later than expected, with a higher initial cost in development than had been anticipated at the time of the award of the contract in 2013. Most authorities in Norway have now also opted for the paid for notice translation services.

The 'Blue Lights' platform for the police forces and fire and rescue services across the UK went live as planned in June 2014.

The Board estimates that the Group has approximately 450 days of paid for development work for completion in Q4 2014 (of which c. 310 is already in the order book), which will contribute additional revenue to the Group.

*New contract wins and entry into the private sector*

The Group has seen a good level of new contracts secured in the first half of the year.

The new business in Lithuania has developed in line with the Board's expectations since the new Lithuanian framework contract was entered into on 7 June 2014. A call-off contract for three years of support services was signed by the Group with Lithuania in July 2014 with a value of c. £290k, and another call-off contract has subsequently been signed for the delivery of an audit feature and two integrations during H2 2014 with an aggregate value of c. £240k. The Board expects further call-off contracts to be signed in Lithuania in due course.

The enlarged sales team has enabled the Group to focus also on selected industries in the private sector, in addition to the public sector. This has resulted in the recent signing of contracts this year, with, for example, of Agder Energi AS group in Norway, Ingeniører´ne A/S, Copenhagen Airport and Energinet.dk in Denmark, and ISOS Housing Limited (the social housing company) in the UK.

During the first half of 2014, the Group completed its migration of RSRL and DSRL (the UK nuclear site license companies) onto the same CTM™ platform used by other nuclear operators in the UK to facilitate sharing of best practices in the sector. In addition, further enhancements of the Contract Life Cycle Planning module and integrations are being discussed with clients in the private sector. Discussions with new large private sector prospects are also progressing well.

*Revenue sharing implementations with end-customers in H2 2014 and 2015*

Publicure Advokatfirma P/S (”Almenindkøb”) has continued its implementation of new framework agreements during much of 2014 for the use by Danish public housing associations, and CTM Solutions, the Group’s sales partner in Holland, has initiated piloting with new private sector clients, for example Manpower. These are now in progress and should start generating additional revenues by the end of 2014 in line with earlier expectations.

Global eSourcing, the procurement service provider delivering framework agreements to non-governmental organisations, has commenced piloting of CTM™ with the Norwegian Refugee Council (NRC), one of the leading international non-governmental organisations. NRC intends to roll out CTM™ in several additional countries during 2015, subject to the successful completion of the ongoing pilot. NRC has a total yearly procurement related budget of c. NOK 1 billion (equivalent to c. £100 million) of which a significant share would be addressable by CTM™ in 2015 and the longer term.

*Additional revenue streams from provision of business alerts to suppliers*

The Group has now started to provide its business alert service to suppliers in an additional country, and we are confident that this should contribute to revenue growth in 2015. The Board will monitor the response from this launch and by the end of this year seek effective roll out of this and other value added services across additional countries where the Group can obtain significant scale of tender information to over 250,000 of its suppliers.

*Outlook*

With a growing pipeline of new business, the Board is confident of substantially increased revenues in H2 2014 and future years.

**Thomas Beergrehn**
**Chief Executive Officer**

**Consolidated Income Statement**
**For the six months ended 30 June 2014**

| | 6 months to 30 June 2014 (unaudited) | 6 months to 30 June 2013 (unaudited) | Year to 31 December 2013 (audited) |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Revenue – Continuing operations** | 1,052 | 868 | 1,779 |
| | 1,052 | 868 | 1,779 |
| Administrative expenses | (2,502) | (2,063) | (4,325) |
| **Operating loss before exceptional items** | (1,450) | (1,195) | (2,546) |
| **Exceptional items** | | | |
| IPO related costs | - | (110) | (608) |
| Share based payments | (73) | - | (43) |
| **Operating loss** | (1,523) | (1,305) | (3,197) |
| Finance costs | (2) | (268) | (226) |
| **Loss before taxation** | (1,525) | (1,573) | (3,423) |
| Taxation | - | - | (41) |
| Exchange losses arising on the translation of foreign subsidiaries | - | - | (16) |
| **Total comprehensive loss for the period** | (1,525) | (1,573) | (3,480) |
| **Basic loss per share for losses attributable to the owners of the parent during the year (pence)** | | | |
| Basic | (0.026) | (0.027) | (0.060) |

**Consolidated Balance sheet**
**at 30 June 2014**

| | As at 30 June 2014 (unaudited) | As at 31 December 2013 (audited) |
|---|---|---|
| **Assets** | **£'000** | **£'000** |
| **Non-current assets** | | |
| Property, plant and equipment | 74 | 45 |
| Intangible assets | - | 50 |
| Other long term receivables | 11 | 12 |
| | 85 | 107 |
| **Current assets** | | |
| Trade and other receivables | 831 | 406 |
| Cash and cash equivalents | 102 | 1,771 |
| | 933 | 2,177 |
| **Total assets** | 1,018 | 2,284 |
| **Equity and Liabilities** | | |
| **Equity** | | |
| Share capital | 58 | 58 |
| Share premium | 4,689 | 4,689 |
| Merger reserve | 2,676 | 2,676 |
| Foreign exchange reserve | (38) | (31) |
| Other reserves | 116 | 43 |
| Retained earnings | (8,076) | (6,551) |
| **Total equity** | (575) | 884 |
| **Non-current liabilities** | | |
| Trade and other payables | - | 9 |
| | - | 9 |
| **Current liabilities** | | |
| Trade and other payables | 1,593 | 1,374 |
| Loans and other borrowings | - | 1 |
| Obligations under finance leases | - | 16 |
| | 1,593 | 1,391 |
| **Total liabilities** | 1,593 | 1,400 |
| **Total equity and liabilities** | 1,018 | 2,284 |

**Consolidated Cash Flow Statement**
**For the six months ended 30 June 2014**

| | 6 months to 30 June 2014 (unaudited) | 6 months to 30 June 2013 (unaudited) | Year to 31 December 2013 (audited) |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Cash inflow from operating activities** | | | |
| Loss before taxation | (1,525) | (1,573) | (3,464) |
| Adjustments for: | | | |
| Net financing expenses | 2 | 186 | 226 |
| Depreciation and amortisation | 70 | 94 | 187 |
| | (1,453) | (1,293) | (3,051) |
| Share option costs | 73 | - | 20 |
| (Increase)/Decrease in receivables | (434) | 24 | (1) |
| Increase in liabilities | 196 | 814 | 630 |
| Cash used in operations | (1,618) | (455) | (2,402) |
| Interest paid | (2) | - | (226) |
| Tax paid | - | 17 | (82) |
| **Net cash used in operating activities** | (1,620) | (472) | (2,710) |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant and equipment | (49) | (20) | (29) |
| Net cash used in investing activities | (49) | (20) | (29) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | - | - | 5,000 |
| Costs relating to share issues | - | - | (896) |
| Increase in borrowings | - | 609 | 376 |
| Proceeds from issue of share options | - | - | 23 |
| Net cash generated from financing activities | - | 609 | 4,503 |
| **Net increase/(decrease) in cash and cash equivalents** | (1,669) | 117 | 1,764 |
| Cash and cash equivalents at beginning of period | 1,771 | 27 | 27 |
| Effect of foreign exchange translation on cash equivalents | - | 15 | (20) |
| Cash and cash equivalents at end of period | 102 | 159 | 1,771 |

**Consolidated Statement of changes in equity**
**For the six months ended 30 June 2014**

| | Share capital £'000 | Share premium £'000 | Retained earnings £'000 | Merger reserve £'000 | Foreign exchange reserve £'000 | Other reserves £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2013** | | | | | | | |
| As at 1 January 2013 (as restated) | - | - | (3,087) | 256 | (15) | 142 | (2,704) |
| Issue of new equity shares and share for share exchange | 36 | - | - | 2,420 | - | (142) | 2,314 |
| As at 1 January 2013 | 36 | - | (3,087) | 2,676 | (15) | - | (390) |
| Loss for the year | - | - | (3,464) | - | (16) | - | (3,480) |
| Issue of ordinary shares on IPO | 22 | 4,978 | - | - | - | - | 5,000 |
| IPO costs recognised in equity | - | (289) | - | - | - | - | (289) |
| Share based payment | - | - | - | - | - | 43 | 43 |
| As at 31 December 2013 | 58 | 4,689 | (6,551) | 2,676 | (31) | 43 | 884 |
| **6 months ended 30 June 2014** | | | | | | | |
| As at 1 January 2014 | 58 | 4,689 | (6,551) | 2,676 | (31) | 43 | 884 |
| Loss and total comprehensive loss for the period | - | - | (1,525) | - | - | - | (1,525) |
| Share based payment | - | - | - | - | - | 73 | 73 |
| Currency exchange adjustment | - | - | - | - | (7) | - | (7) |
| As at 30 June 2014 | 58 | 4,689 | (8,076) | 2,676 | (38) | 116 | (575) |

**Notes to the Interim Results**

**1. Basis of preparation**

The Interim Results for the six months ended 30 June 2014 have been prepared and presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They have been prepared on a going concern basis with reference to the accounting policies and methods of computation and presentation set out in the Group's consolidated financial statements for the year ended 31 December 2013, except as stated below. The half yearly financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRS as adopted by the European Union.

The information in this announcement does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group's accounts for the year ended 31 December 2013 have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not draw attention to any matters by way of emphasis. It contained no statement under section 498(2) or (3) of the Companies Act 2006.

The financial information for the six months ended 30 June 2014 is unaudited.

**2. Segmental information**

The Group currently has one reportable segment, provision of services and categorises all revenue from operations to this segment.

| | **Unaudited 6 months to 30 June 2014** | **Unaudited 6 months to 30 June 2013** | **Audited Year to 31 December 2013** |
|---|---|---|---|
| | **£'000** | **£'000** | **£'000** |
| **Revenue – Continuing operations** | 1,052 | 868 | 1,779 |
| Administrative expenses | (2,502) | (2,063) | (4,325) |
| Exceptional expenses - IPO related costs | - | (110) | (608) |
| Share based payment | (73) | - | (43) |
| **Operating loss** | (1,523) | (1,305) | (3,197) |
| Finance costs | (2) | (268) | (226) |
| **Loss before taxation** | (1,525) | (1,573) | (3,423) |
| Revenue relating to one customer | 120 | 205 | 241 |

The Group operates in three main geographic areas: UK, European Union and Rest of the World. Revenue and non-current assets by origin of geographical segment for all entities in the group is as follows:

| | **Revenue** | | **Non- current assets** | |
|---|---|---|---|---|
| | **6 months ended 30 June 2014** | **Year ended 31 December 2013** | **6 months ended 30 June 2014** | **Year ended 31 December 2013** |
| | £ | £ | £ | £ |
| UK | 344 | 598 | - | 49 |
| European Union | 582 | 928 | 85 | 58 |
| Rest of World | 126 | 253 | - | - |
| Total | 1,052 | 1,779 | 85 | 107 |

**3. Loss per share**

The loss per ordinary share is based on the net loss for the period attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the period.

The basic loss per share has been calculated by dividing the retained loss for the period of £1.525m by the weighted average number of ordinary shares of 57,665,496 (2013: 57,665,496) in issue during the period.

**4. Dividends**

No dividend is declared for the six months ended 30 June 2014.

**5. Post balance sheet event**

On 16 July 2014 the Company raised £1.35million by way of a placing of 4,090,910 new ordinary shares of 0.1p each at a price of 33p per new ordinary share.

**6. Copies of Interim Results**

Copies of this announcement are available on the EU Supply website, Investor Section - www.eu-supply.com