7 September 2016

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

Interim results for the six months ended 30 June 2016

EU Supply, the e-procurement SaaS provider, is pleased to announce its unaudited interim results for the six months ended 30 June 2016.

Financial Highlights:

- **Revenue in H1 2016 grew by 30% to £1.55m (H1 2015: £1.19m) - up approximately 27% (H1 2015: 25%) on a constant currency basis**
- **At 30 June 2016 c.74% of revenues in H1 2016 were of recurring or repeated nature (H1 2015: c.77%)**
- **Despite the weakening Pound, operational costs were held at £2.1m (H1 2015: £2.1m), excluding restructuring costs of £0.1m (H1 2015: £nil)**
- **Loss before interest and taxes was reduced by c.27% to £0.7m (H1 2015: £0.9m)**
- **H1 2016 revenues from Business Alert services more than doubled to £0.27m (H1 2015: £0.10m) and exceeded total revenues in FY 2015**
- **Cash balance of £0.9m at 30 June 2016 (2015: £0.4m)**

Operational highlights:

- **Cost savings programme executed in H1 2016 with all material savings being effective by the end of the period**
- **Compared to H1 2015, the weakening of Sterling added c.6% to the operational loss for H1 2016**
- **Several contracts for integrations and enhancements of the Group's CTM™ solution awarded from existing customers in the Nordic region**
- **Several smaller contracts signed with new customers for the CTM™ solution in Denmark, Norway and the UK**
- **Post period end, contracts signed with smaller new customers including a municipality in Denmark, several public sector organisations in Norway and in the UK with a specialty chemicals company**

Commenting on the results, Thomas Beergrehn, CEO of EU Supply, said:
"Overall trading in the first half of 2016 was broadly in line with the Board's expectations with both revenues and costs being higher than initially expected.

Our costs increased mainly due to the weakening of Sterling principally versus the Swedish Krona, but were offset mostly by cost reductions from the Group's cost savings programme announced in January. This programme was fully implemented during the period with the full impact due to be reflected in the second half of 2016.

Our Business Alerts services have continued to grow, the revenues in H1 2016 already exceed the total in FY 2015 and represent a significant part of our revenue streams complementing our CTM™ services business. With new customers joining up, and existing customers adding more chargeable users, we expect the revenue from Business Alert services to continue to grow and provide a significant contribution to overall 2016 revenues.

The Group has a healthy order pipeline for its CTM™ services with small and medium sized new customer opportunities in its current markets. This combined with larger opportunities for enhancements, and continued adoption by existing CTM™ customers with spend-based revenues for the Company, will contribute to further growth into 2017.

The opportunities in the oil & gas and energy industries are also progressing with revenues expected in 2017 and beyond. In addition, the discussions with a large German IT services group with a strong presence in Germany continue with a distribution agreement expected to be in place in the second half of 2016.

The weakening of Sterling has affected us negatively on the bottom line. However, the Board believes that the measures taken in the first half of 2016, when combined with the strong pipeline of opportunities, will result in operating profit on a monthly run rate basis being achieved during the second half of 2016 in line with the Board's expectations.

In addition, we expect the Company to report results for the year ending 31 December 2016 in line with market expectations, assuming no further significant weakening of Sterling, and to achieve a first annual operating profit in 2017."

FURTHER ENQUIRIES

EU Supply PLC Tel: 020 7601 6100
Thomas Beergrehn, CEO
Mattias Ström, CFO

Stockdale Securities Tel: 020 7601 6100
Tom Griffiths, David Coaten

A copy of this announcement is available at www.eu-supply.com.

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 9 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 in November 2013. In August and September 2015, the Company raised a total of £2.061m (before expenses) through a placing of new shares and the issue of first and second tranches of Convertible Loan Notes to institutional and other investors.

CEO Statement

I am pleased to report EU Supply's unaudited interim results for the six months ended 30 June 2016.

Solid growth in CTM™ and Business Alert services

Growth has continued during the first six months of 2016 with revenues up by 30 per cent. to £1.55m compared to £1.19m in the same period last year. Approximately half of the increase came from the Group's Business Alert services with the remaining growth arising from enhancement orders with existing customers, new customer wins and the positive effect of currency exchange movements.

EU Supply's recurring revenues, including contractually recurring revenues, orders continuously recurring over time as well as a conservative baseline for volume services, such as Business Alerts, represented approximately 74 per cent. of the total revenue for H1 2016 at 30 June 2016 (H1 2015: approximately 77 per cent.) providing a good platform for further growth in the second half of the year and beyond. In addition, as previously announced, smaller contracts with new customers were signed during the period in Norway, Denmark and the UK adding additional recurring revenues in the second half of 2016.

Pricing pressure continues in some markets and the Group continues to be selective on competitive contracts focusing on sub-sectors and niches within existing markets that can be profitable. The Group is pursuing opportunities to obtain grants available to support its efforts to further enhance its offerings in such sub-sectors and markets.

To date in 2016, over 30 new customers have started (or are due to start) using the Group's CTM™ platform, adding to over 120 CTM™ existing licensees (excluding certain individual customers using our software via framework agreements). This increase of approximately 25% so far this year creates the foundation for growing future Group revenues.

The Group's investment into its Business Alert services has resulted in increased revenues from these services during the period with a leaner team.

Cost savings programme fully implemented

EU Supply's operational costs in the first half were held at £2.1m, excluding the restructuring costs of £0.1m referred to above, offsetting the weakening Sterling mainly against the Swedish Krona and, to a lesser extent, the Danish Krona and the Euro. As a result, the reported loss before tax and interest in the first half decreased by approximately 27 per cent. to £0.7m compared to £0.9m in the same period last year.

The implementation of the Group's cost savings programme has been executed during the period with the full impact expected to be reflected in the second half of 2016 with £0.1m of the resulting costs being recorded as restructuring costs in the first half of 2016.

Despite the implementation of the cost savings programme, revenue growth has continued. In order to underpin further growth, some recruitment has been made in our Estonian low cost location in June and July 2016.

At 30 June 2016, the Group employed 46 (full-time equivalent) employees (30 June 2015: 53), including Directors.

A further weakening of Sterling mainly against the Swedish Krona would have a negative effect on the Group's bottom line result for the full year. However, the sensitivity to such a scenario should reduce over time as the Group reaches break even and as revenues continue to grow in non-Sterling markets. The Group's policy to keep the majority of its cash in the currencies where it foresees net cash outflows also partly hedges the potential currency exchange fluctuations.

Improved cash position

As at 30 June 2016, the Group had cash of £0.9 million (30 June 2015: £0.4 million), which had increased to approximately £1.0m at 31 August 2016. The Board believes that the Group has sufficient cash to see the Group through to profitability and positive cash flow from its operations.

Outlook

EU Supply has implemented its cost savings programme and is expected to continue to deliver solid revenue growth and to reach profitability on a run rate basis during the second half of the year, in line with the Board's expectations.

Since the period end, contracts have been signed with smaller new customers, including a municipality in Denmark, several public sector organisations in Norway as well as a specialty chemicals company and a university (as previously announced) in the UK.

The Board expects an accelerated adoption of tendering and contract management solutions through to the 2018 e-submission deadline as per the 2014 EU Directives. The long-term effect on the Group's underlying business from the UK leaving the EU is also expected to be limited, as the need for effective competition of contracts should remain irrespective of EU membership while public sector cost reductions are foreseen to be required regardless of any effect on growth in Europe by "Brexit".

EU Supply is continuing to focus on existing market segments where the Group has a unique or strong position and the Board expects to win additional CTM™ business in these segments. The Group's Business Alert services continue to grow and revenues from these services are expected to provide a significant contribution to overall 2016 revenues.

Discussions are also progressing on additional contracts for larger enhancements with several customers, in addition to those previously announced in the Nordic region. These enhancements, together with small and medium sized new customer opportunities for its CTM™ services, are creating a healthy order pipeline which are expected to lead to additional revenues by the end of 2016 and further revenues in 2017. EU Supply's partnership in the oil & gas and energy industries is also progressing adding potentially larger opportunities for further future revenue growth.

The Group's negotiations with a well-established IT services group in Germany are entering the final stages and the Board expects a distribution agreement to be signed in the second half of this year. This partnership is expected to provide EU Supply with new sources of revenue from the German market and, although no significant revenues are anticipated this year, the partnership is expected to generate revenues in the coming years.

With the measures taken and the continuing growth of our Business Alert services combined with the strong current pipeline of opportunities with new customers and enhancements to existing CTM™ customers, the Board believes that the Group will reach profitability on a monthly run rate basis during the second half of the year. In addition, the Board expects the Company to report results for the year ending 31 December 2016 in line with market expectations, assuming no further significant weakening of Sterling, and to achieve a first annual operating profit in 2017.

Thomas Beergrehn
Chief Executive Officer

Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2016

	6 months to 30 June 2016 (unaudited)	6 months to 30 June 2015 (unaudited)	Year to 31 December 2015 (audited)
	£'000	£'000	£'000
Revenue – Continuing operations	1,548	1,189	2,832
	1,548	1,189	2,832
Administrative expenses excluding exceptional expenses	(2,107)	(2,109)	(4,262)
Exceptional expenses – Restructuring costs	(114)	-	-
Total administrative expenses	(2,221)	(2,109)	(4,262)
Operating loss	(673)	(920)	(1,430)
Finance costs	(121)	(1)	(58)
Loss before taxation	(794)	(921)	(1,488)
Taxation	(2)	(8)	59
Loss for the period attributable to owners of the parent	(796)	(929)	(1,429)
Other Comprehensive income:			
Exchange differences arising on the translation of foreign subsidiaries	20	36	4
Total comprehensive loss for the period attributable to owners of the parent	(776)	(893)	(1,425)
Basic and diluted loss per share attributable to owners of the parent	(0.011)	(0.014)	(0.022)

Condensed Consolidated Statement of Financial Position at 30 June 2016

	As at 30 June 2016 (unaudited)	As at 30 June 2015 (unaudited)	As at 31 December 2015 (audited)
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	90	82	92
Other long term receivables	9	12	7
Total Non-current assets	99	94	99
Current assets			
Trade and other receivables	1,103	584	870
Current tax assets	-	158	73
Cash and cash equivalents	911	393	1,431
Total Current Assets	2,014	1,135	2,374
Total assets	2,113	1,229	2,473
EQUITY AND LIABILITIES			
Equity			
Share Capital	68	63	68
Share premium	6,497	6,126	6,497
Merger reserve	2,676	2,676	2,676
Other reserves	493	186	625
Foreign exchange reserve	(27)	(15)	(47)
Retained earnings	(10,371)	(9,214)	(9,714)
Total equity	(664)	(178)	105
Non-current liabilities			
Deferred tax liability	22	15	21
Loans and other borrowings	1,129	-	1,084
Obligations under finance leases	20	21	22
Total Non-current liabilities	1,171	36	1,127
Current liabilities			
Trade and other payables	1,597	1,363	1,234
Loans and other borrowings	-	1	-
Obligations under finance leases	9	7	7
Total Current Liabilities	1,606	1,371	1,241
Total Liabilities	2,777	1,407	2,368
Total equity and liabilities	2,113	1,229	2,473

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2016

	6 months to 30 June 2016 (unaudited)	6 months to 30 June 2015 (unaudited)	Year to 31 December 2015 (audited)
	£'000	**£'000**	**£'000**
Cash inflow from operating activities			
Loss after taxation	(796)	(929)	(1,429)
Adjustments for:			
Interest expense (net)	121	1	58
Income tax	49	(9)	68
Depreciation and amortisation	16	10	23
Share option charge	3	9	19
Net foreign exchange gain	8	54	26
Operating cash flows before movements in working capital	(599)	(864)	(1,235)
Decrease/(increase) in trade and other receivables	(234)	30	(255)
Increase/(decrease) in trade and other payables	363	125	(5)
Cash used in operations	(470)	(709)	(1,495)
Interest paid	(83)	(1)	(40)
Net cash used in operating activities	(553)	(710)	(1,535)
Cash flows from investing activities			
Purchases of property, plant and equipment	(6)	(29)	(47)
Decrease in long term receivables	-	-	4
Net cash used in investing activities	(6)	(29)	(43)
Financing activities			
Proceeds from issue of share capital	-	-	826
Costs relating to share issues	-	-	(36)
Increase in borrowings	-	-	1,112
Repayments of obligations under finance leases	(4)	28	-
Net cash generated from financing activities	(4)	28	1,902
Net increase/(decrease) in cash and cash equivalents	(563)	(711)	324
Cash and cash equivalents at beginning of period	1,431	1,119	1,119
Effect of foreign exchange translation on cash equivalents	43	(15)	(12)
Cash and cash equivalents at end of period	911	393	1,431

Condensed Consolidated Statement of changes in equity
For the six months ended 30 June 2016

	Share capital	Share premium	Retained earnings	Merger reserve	Foreign exchange reserve	Other reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
6 months ended 30 June 2015							
As at 1 January 2015 (audited)	63	6,126	(8,285)	2,676	(51)	176	705
Loss for the period	-	-	(929)	-	-	-	(929)
Other Comprehensive losses:							
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	36	-	36
Share based payment	-	-	-	-	-	10	10
As at 30 June 2015 (unaudited)	63	6,126	(9,214)	2,676	(15)	186	(178)
6 months ended 30 June 2016							
As at 1 January 2016 (audited)	68	6,497	(9,714)	2,676	(47)	625	105
Loss for the period	-	-	(796)	-	-	-	(796)
Other Comprehensive losses:							
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	20	-	20
Untaxed reserves reclassified to equity	-	-	-	-	-	4	4
Share based payment	-	-	139	-	-	(136)	3
As at 30 June 2016 (unaudited)	68	6,497	(10,371)	2,676	(27)	493	(664)

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared and presented in accordance with IAS 34 'Interim Financial Reporting'. They have been prepared on a going concern basis consistent with the accounting policies and methods of computation and presentation set out in the Group's consolidated financial statements for the year ended 31 December 2015. The half yearly financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2015, 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 2015 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 2016 is unaudited.

2. Segmental information

The Group currently has two reportable segments, Business Alert services and services relating to the Group's CTM™ platform. The Group categorises all revenue from operations to these two segments. The segmental information for 2015 has been restated to reflect that Business Alert services now constitute a reportable segment under IFRS 8. The Group currently does not allocate costs on a segment basis and is therefore unable to report segment profit and loss. Further, the Group does not allocate assets on a segment basis and is therefore unable to report total assets per segment.

	6 months to 30 June 2016	**6 months to 30 June 2015**	**Year to 31 December 2015**
	£'000	**£'000**	**£'000**
Revenue – Continuing operations arises from:			
Business Alert services	*274*	*104*	*259*
Services relating to the CTM™ platform	*1,274*	*1,085*	*2,524*
Total provision of services	1,548	1,189	2,783
Other income	-	-	49
Administrative expenses	(2,107)	(2,109)	(4,262)
Exceptional expenses – Restructuring costs	(114)	-	-
Operating loss	(673)	(920)	(1,430)
Finance charges (Net)	(121)	(1)	(58)
Loss before taxation	(794)	(921)	(1,488)

Other income for the year to 31 December 2015 consists of a grant received from the EUREKA programme for further development of the Group's Complete Tender Management System.

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	6 months ended	6 months ended	Year ended
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
	£'000	£'000	£'000	£
UK	405	376	-	-
European Union	615	486	99	99
Rest of World	528	327	-	-
Total	1,548	1,189	99	99

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 £0.776m by the weighted average number of ordinary shares of 67,716,406 (2015 H1: 62,566,406) in issue during the period.

Due to the losses reported, the effect of share options were considered to be anti-dilutive.

4. Dividends

No dividend is proposed to be declared for the six months ended 30 June 2016 (2015: nil).

5. Copies of Interim Results

Copies of the Interim Results announcement will be available on the EU Supply website, Investor Relations section - www.eu-supply.com.