5 September 2017

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

Interim results for the six months ended 30 June 2017

EU Supply, the e-procurement SaaS provider, is pleased to announce its unaudited interim results for the six months ended 30 June 2017.

Financial Highlights:

- **Revenue grew by 40% to £2.17m (H1 2016: £1.55m) - up approximately 31% on a constant currency basis**
- **Maiden operating profit of £9k (H1 2016: loss of £673k)**
- **As a result of substantial one-off projects delivered in the period, at 30 June 2017 c.63% of revenue in H1 2017 was of recurring or repeated nature (H1 2016: c.74%), representing an absolute increase of c. 20%**
- **Despite the weakening Pound, compared to the same period last year, operational costs were held at £2.2m (H1 2016: £2.1m excluding restructuring costs of £0.1m)**
- **Cash balance increased to £1.04m at 30 June 2017 (H1 2016: £0.91m, FY 2016: £0.97m)**

Operational highlights:

- **New framework agreement signed with existing customer for up to £3.1m allowing call-offs of support and maintenance renewals and customer-paid enhancements**
- **A number of significant paid-for enhancement contracts delivered partly or in full**
- **Several smaller contracts signed with new customers for the Group's CTM™ platform, notably in Denmark and Norway**
- **Selective recruitment of staff and consultants to satisfy continuing growth**

Post-period end:

- **Several new contracts signed, including a first end-customer contract in Germany through distributor**
- **Recruited Fredrik Wallmark as new CFO**

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

"I am happy to announce that EU Supply reported a maiden operating profit and was cash generative for the second consecutive six month period.

The Group achieved strong revenue growth, with contributions from both new customer contracts, expanding the Company's recurring revenue base, and from additional contracts with existing customers.

The Board continues to see increasing market activity in several of the Group's markets, including increasing number of tenders for e-procurement solutions and numerous enquiries and meeting requests from prospective customers. This is in part driven by the requirements for mandatory e-tendering provisions at milestones before November 2018 in the EU/EEC states. The Board also sees an increased demand for additional value added enhancements to existing contracts with the Group's current customer base.

The Board anticipates continued strong growth during the second half of 2017 compared to the same period last year. With a strong order book and a promising pipeline of opportunities, the Board expects the Group to achieve a first annual operating profit and to report results for the year ending 31 December 2017 in line with market expectations."

FURTHER ENQUIRIES

EU Supply PLC Tel: 020 7601 6100

Thomas Beergrehn, CEO
Fredrik Wallmark, CFO

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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 8,000 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 2017.

Strong growth in CTM™ and related services

EU Supply has achieved continued strong growth during the first six months of 2017 with revenues up by 40 per cent. to £2.17m (H1 2016: £1.55m), up approximately 31 per cent. on a constant currency basis. The revenue growth was generated mainly from the delivery of paid-for enhancement orders and new recurring CTM™ SaaS revenues from smaller contracts with new customers in several markets, notably in Denmark and Norway, which were signed either during the second half of 2016 or in the six months ended 30 June 2017.

At 30 June 2017, EU Supply’s recurring revenue represented approximately 63 per cent. of the revenue for H1 2017 (H1 2016: approximately 74 per cent.) due to substantial one-off projects delivered. This provides a solid platform for further growth in future years.

The Group is still experiencing pricing pressure in most markets. Given the increased number of tenders and enquiries received for e-procurement solutions, the Group continues to be selective on competitive contracts only focusing on business where we can generate a positive contribution margin.

Break-even now achieved for the first six month period

The Company reported its maiden operating profit for the period, with revenue growth of 40 per cent. and operational costs increasing by less than 5 per cent., despite the weakening Sterling and selective recruitment of staff and consultants.

Improved cash position

For the second consecutive six month period, the Group was cash generative during the first half of 2017 with cash of £1,035k at 30 June 2017 (30 June 2016: £911k) compared to £965k as at 31 December 2016. The Board believes that the Group has sufficient cash for its short and long term needs.

Cash management

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. However, any further weakening of Sterling, mainly against the Swedish Krona, could have a negative effect on the Group's underlying profit for the year ending 31 December 2017. The sensitivity to such a scenario should be reduced over time as the Group's revenues continue to grow in non-Sterling currencies and since reaching break-even.

Selective recruitment

As previously announced, the Group has initiated selective recruitment in order to satisfy demand. In addition, it is hiring consultants as and when necessary to reinforce its operations where the Directors have identified a reasonable return on investment from such resources.

At 30 June 2017, the Group employed 47 (full-time equivalent) employees (30 June 2016: 46), including Directors.

Outlook

The Board continues to expect an accelerated adoption of e-procurement solutions through to the e-submission deadline before November 2018 with additional modules, functionalities, system integrations and services expected also to be demanded beyond the deadline. It also considers that revenues may be generated both short-term and longer-term through customers' additional service demands as a result of expected further mandatory functionality requirements in the EU public sector and by increasing focus on all aspects of procurement, including for example on micro-procurement and spend analytics.

As previously announced, discussions are continuing with an existing customer on further contracts for larger enhancements. A targeted increase of additional development capacity would be required to deliver any additional orders before end of the year or in early 2018, in addition to already contracted work.

The Company continues to focus on existing market segments where it has a unique or strong position and expects to win additional CTM™ business. The Group may also investigate and qualify, either directly or through distributors, opportunities in additional larger EU Member State markets where the Board perceives that the potential is still high and where customers can be supported with existing resources.

The Group's distributor in Germany, T-Systems Multimedia Solutions GmbH, has since the period end signed its first contract for EU Supply's CTM™ platform. The Board does not anticipate any significant revenues in 2017 from Germany, but it is cautiously optimistic that it will see step-by-step conversion of an increasing share of the distributor's prospects into an order book for the CTM™ platform in 2018 with the potential of more significant recurring revenues therefore expected in 2019 in both the private and public sectors.

Already announced signed paid-for enhancement contracts during the second half of 2016 and in 2017, together with small and medium sized new customer opportunities for the Company's CTM™ platform expecting to add recurring SaaS revenues and additional prospective paid-for enhancement opportunities, are supporting a healthy order book and pipeline which are expected to lead to additional revenues by the end of 2017 compared to the same period last year as well to generate revenue growth in 2018.

EU Supply's partner in the oil and gas and energy industries is now in more detailed discussions to supply services for several oil and gas projects with an expected start date in 2018, where part of the services includes supplier sourcing, qualification and the licence to use the Company's CTM™ platform for tendering and contract management.

The Board expects the Group to achieve a first annual operating profit and to report results for the year ending 31 December 2017 in line with market expectations.

Thomas Beergrehn
Chief Executive Officer

Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2017

	6 months to 30 June 2017 (unaudited)	6 months to 30 June 2016 (unaudited)	Year to 31 December 2016 (audited)
	£'000	£'000	£'000
Revenue – Continuing operations	2,171	1,548	3,444
	2,171	1,548	3,444
Administrative expenses excluding restructuring expenses	(2,162)	(2,107)	(4,163)
Restructuring expenses	-	(114)	(114)
Total administrative expenses	(2,162)	(2,221)	(4,277)
Operating profit/(loss)	9	(673)	(833)
Finance costs	(129)	(121)	(247)
Loss before taxation	(120)	(794)	(1,080)
Taxation	(13)	(2)	126
Loss for the period attributable to owners of the parent	(133)	(796)	(954)
Other comprehensive income:			
Exchange differences arising on the translation of foreign subsidiaries	4	20	23
Total comprehensive loss for the period attributable to owners of the parent	(129)	(776)	(931)
Basic and diluted loss per share attributable to owners of the parent	(0.002)	(0.011)	(0.014)

Condensed Consolidated Statement of Financial Position at 30 June 2017

	As at 30 June 2017 (unaudited)	As at 30 June 2016 (unaudited)	As at 31 December 2016 (audited)
	£'000	**£'000**	**£'000**
ASSETS			
Non-current assets			
Property, plant and equipment	44	90	50
Other long term receivables	9	9	9
Total Non-current assets	53	99	59
Current assets			
Trade and other receivables	1,067	1,103	576
Current tax assets	2	-	151
Cash and cash equivalents	1,035	911	965
Total Current Assets	2,104	2,014	1,692
Total assets	2,157	2,113	1,751
EQUITY AND LIABILITIES			
Equity			
Share Capital	68	68	68
Share premium	6,497	6,497	6,497
Merger reserve	2,676	2,676	2,676
Other reserves	512	493	511
Foreign exchange reserve	(20)	(27)	(24)
Retained earnings	(10,663)	(10,371)	(10,530)
Total equity	(930)	(664)	(802)
Non-current liabilities			
Deferred tax liability	28	22	27
Loans and other borrowings	1,219	1,129	1,172
Obligations under finance leases	-	20	-
Total Non-current liabilities	1,247	1,171	1,199
Current liabilities			
Trade and other payables	1,840	1,597	1,354
Obligations under finance leases	-	9	-
Total Current Liabilities	1,840	1,606	1,354
Total Liabilities	3,087	2,777	2,553
Total equity and liabilities	2,157	2,113	1,751

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2017

	6 months to 30 June 2017 (unaudited)	6 months to 30 June 2016 (unaudited)	Year to 31 December 2016 (audited)
	£'000	£'000	£'000
Cash inflow from operating activities			
Loss after taxation	(129)	(776)	(932)
Adjustments for:			
Interest expense (net)	129	121	247
Income tax	146	49	(60)
Depreciation and amortisation	13	16	29
Share option charge	-	3	3
Net foreign exchange gain/(loss)	(7)	(12)	(32)
Operating cash flows before movements in working capital	152	(599)	(745)
Decrease/(increase) in trade and other receivables	(491)	(234)	294
Increase/(decrease) in trade and other payables	486	363	120
Cash used in operations	147	(470)	(331)
Interest paid	(83)	(83)	(177)
Net cash used in operating activities	64	(553)	(508)
Cash flows from investing activities			
Purchases of property, plant and equipment	(6)	(6)	(8)
Decrease in long term receivables	0	-	(1)
Net cash used in investing activities	(6)	(6)	(9)
Financing activities			
Proceeds from issue of share capital	-	-	-
Costs relating to share issues	-	-	-
Increase in borrowings	-	-	-
Repayments of obligations under finance leases	-	(4)	-
Net cash generated from financing activities	-	(4)	-
Net increase/(decrease) in cash and cash equivalents	58	(563)	(517)
Cash and cash equivalents at beginning of period	965	1,431	1,431
Effect of foreign exchange translation on cash equivalents	12	43	51
Cash and cash equivalents at end of period	1,035	911	965

Condensed Consolidated Statement of changes in equity
For the six months ended 30 June 2017

	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 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)
6 months ended 30 June 2017							
As at 1 January 2017 (audited)	68	6,497	(10,530)	2,676	(24)	511	(802)
Loss for the period	-	-	(133)	-	-	-	(133)
Other Comprehensive losses:							
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	4	-	4
Untaxed reserves reclassified to equity	-	-	-	-	-	1	1
Share based payment	-	-	-	-	-	-	-
As at 30 June 2017 (unaudited)	68	6,497	(10,663)	2,676	(20)	512	(930)

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2017 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 2016. The half yearly financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2016, 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 2016 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 2017 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 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 2017	**6 months to 30 June 2016**	**Year to 31 December 2016**
	£'000	**£'000**	**£'000**
Revenue – Continuing operations arises from:			
Business Alert services	*297*	*274*	*490*
Services relating to the CTM™ platform	*1,757*	*1,274*	*2,941*
Total provision of services	2,054	1,548	3,431
Other income	117	-	13
Administrative expenses	(2,162)	(2,107)	(4,163)
Exceptional expenses – Restructuring costs	-	(114)	(114)
Operating profit/(loss)	9	(673)	(833)
Finance charges (Net)	(129)	(121)	(247)
Loss before taxation	(120)	(794)	(1,080)

Other income for the 6 months to 30 June 2017 consists of two separate grants received from the EUREKA programme as well as from a project under the European Commission agency INEA's Connecting Europe Facility through a consortia lead by a third party for further development of modules integrated with 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 2017	**30 June 2016**	**30 June 2017**	**31 December 2016**
	£'000	£'000	£'000	£'000
UK	469	405	-	-
European Union	1121	615	53	59
Rest of World	581	528	-	-
Total	2,171	1,548	53	59

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 £0.129m by the weighted average number of ordinary shares of 67,716,406 (2016 H1: 67,716,406) in issue during the period.

The potential ordinary shares associated with share options and convertible loan notes are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

4. Dividends

No dividend is proposed to be declared for the six months ended 30 June 2017 (2016: nil).

5. Copies of Interim Results

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