9 September 2015

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

Interim results for the six months ended 30 June 2015

EU Supply, the e-procurement SaaS provider, is pleased to announce its unaudited interim results for the six months ended 30 June 2015.

Financial Highlights:

- **Revenue in H1 2015 grew by 13% to £1.19m (2014: £1.05m) - up approximately 25% on a constant currency basis**
- **At the end of June 2015 77% of revenues in H1 2015 are recurring or repeated (H1 2014: 75%)**
- **Operational costs decreased by 18% to £2.1m (2014: £2.6m) principally due to currency movements**
- **Pre-tax loss was reduced by c. 40% to £0.9m (2014: loss of £1.5m)**
- **In H1 2015 Business Alert services contributed £104,000 of revenue in the 4.5 months since launch**

Operational highlights:

- **Focus on higher margin sub-sectors and businesses (e.g. Business Alerts and Tender Lite) in the face of increased competition in some mainstream public sub-sectors**
- **Business Alert services were successfully launched in Norway with revenue exceeding management's expectations**
- **Our partner, Global eSourcing ("GeS"), entered into a 7 year Service Provider Agreement (SPA) with the Norwegian Refugee Council ("NRC") with training and implementation resulting in initial revenues being generated during H1 2015**
- **Around 50 authorities are today using Tender Lite or are part of consortia where lead parties are using the solution**
- **Secured longer term contracts, including 3 capital cities and regions in Northern Europe**

Post period end:

- **Raised £1.353m (before expenses) to fund working capital**
- **Entered into agreements with two telesales consultancies and three recruitment consultancies to accelerate Business Alerts' revenue growth in Norway and the UK**

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

"Trading in the first half of 2015 was in line with the Board`s expectations. Foreign exchange movements had a negative impact on revenues, but a positive effect on costs leading to a reduced loss being reported.

In the light of some unpredictable pricing practices and competition in certain core sectors, the Company is increasing its focus on certain new market segments and sub-sectors within existing markets. The initial results of this decision are reflected both in these first half year results and the increased numbers of customers.

I am particularly pleased with the launch of our Business Alerts service with 1-4% conversion from digital marketing generating over 1,000 subscriptions in H1 2015, and our two telesales staff who thereafter have sold about 300 subscriptions in around two months worked with the total number of subscriptions now exceeding 1,360 in Norway. It is encouraging that businesses are keen to receive customised alerts at an annual fee of less than £200. In addition, Tender Lite, which is a stepping stone to more business, has been successfully launched in the period, with about 50 authorities using Tender Lite today or being part of consortia where lead parties are using the solution. Finally, our ambition to grow our share of spend based revenues is bearing fruit with NRC commencing tendering across the initial regions.

While on a constant currency basis the Board is confident of meeting its expectations for the year ending 31 December 2015, it is mindful of the recent further strengthening of sterling against the Euro, Swedish Krona, *Danish Krona and the Norwegian Krona, which if persists in the remainder of the year would impact both the Company's revenue and costs and result in the Company reporting a reduced loss than anticipated."*

FURTHER ENQUIRIES

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

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Tom Griffiths, David Coaten

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 8 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 2015, the Company raised a total of £1.353m (before expenses) through a placing of new shares and the issue of the first tranche 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 2015.

Financial review

The first six months of 2015 has been another period of growth with revenue up 13% to £1.19m. At the same time, our operational costs were reduced by 18% to £2.1m. As a result, the loss before tax in the first half decreased to £0.9m compared to £1.5m for the same period in the previous year.

With the Company operating in several European countries, the Group's reported revenue was negatively affected by the strengthening of Sterling against several of the European currencies, in particular the Euro, Swedish Krona, Danish Krona and the Norwegian Krona. Adjusting for these currency exchange movements, the growth in the first half on a constant currency basis was 25% compared to 21% in H1 2014. This revenue growth was mainly generated by our recently introduced Business Alert services, which contributed £104,000, and several other small and mid-sized contracts signed during H1 2015.

The Group's recurring revenue, including contractually recurring revenue, orders continuously recurring over time as well a conservative baseline for volume services, such as Business Alerts, represented 77% of the revenue for H1 2015 at 30 June 2015 (H1 2014: 75%) being a good platform for further growth.

Adding to the recurring revenue were new longer term contracts signed this year, including 3 capital cities and regions in Northern Europe.

As at 30 June 2015, the Group had net cash of £0.4 million (30 June 2014: £0.1 million) and no debt. During H2 2015, the Company expects to receive an R&D tax credit of approximately £0.16m relating to the year ended 31 December 2014.

While the revenue in the period was negatively affected by currency exchange movements, there is a positive impact on operational costs, which is the main reason for the decrease in operational costs to £2.1m (H1 2014: £2.6m).

At the end of the period, the Group employed 53 (full-time equivalent) employees (30 June 2014: 48) including Directors.

Operational review

In the light of some unpredictable pricing practices and competition in certain core sectors, the Company is increasing its focus on certain new market segments and sub-sectors within existing markets. The agreement between the Group's partner, Global eSourcing and the Norwegian Refugee Council signed in Q1 2015 is one example of the Company's focus on securing new customer segments, in this case NGOs, where share of spend revenue models are achievable.

The Company has also continued to identify additional sub-sectors and niches within existing markets where it can win contracts of higher value or on a share of spend basis. The appointment of a UK-based senior sales representative with a proven track record in EU Supply's market will enable the Group to progress important contract opportunities in these sub-sectors in the remainder of this year and beyond.

A total of about 50 authorities are now using Tender Lite or are part of consortia where lead parties are using this lite configuration of the CTM™ solution. This service has shortened the sales cycle considerably and enables the Company to quickly sign up customers who can meet basic legislative requirements under a pay-as-you-go model.

The Company has more effectively leveraged its existing data base of suppliers and is stepping up its efforts to reach new customers for its Business Alert services by engaging both external and internal telesales staff. In addition, a Commercial Delivery Manager and a Services & Global Account Manager have joined the Company since the period end in order to accelerate revenue generation from Business Alerts and to generate additional revenues from development.

Placing and issue of convertible loan notes

Following the end of the period, in late August, the Company announced that it had raised £412,000 (before expenses) by way of a placing to institutional and other investors of 5,150,000 new ordinary shares at 8 pence per share.

In addition, a further £941,000 (before expenses) was raised through the issue of the first tranche of Convertible Loan Notes to institutional and other investors. Under the terms of the Loan Note Instrument, the Convertible Loan Notes will have a right to be converted, conditional upon Shareholders' approval, into new ordinary shares. Further details of the Placing and the Convertible Loan Notes are set out in a circular issued on 27 August 2015.

The net proceeds of the placing and the issue of the Convertible Loan Notes will be applied towards working capital purposes and, in particular, to:

- further roll-out Business Alerts and Tender Lite services within already targeted markets and selected additional markets;
- address specific spend share and other higher value opportunities within specific sub-sectors in existing markets; and
- take advantage of market opportunities, such as to penetrate new markets, in particular, Germany and Finland.

The issue of additional Convertible Loan Notes has the potential to generate further gross proceeds to the Company of up to £1,059,000, assuming that all of the additional Loan Notes are issued. The Directors believe that the ability to issue up to a further £1,059,000 additional Convertible Loan Notes will provide the Company with a source of long-term capital to support the Company's future growth.

Outlook

Having recently issued new ordinary shares and convertible loan notes to raise £1.353m, the new funds are being invested in digital marketing and telesales to increase Business Alert sales. In total, the Company has an established supplier list of 80,000 businesses in Norway and the UK, of which more than half can be addressed by digital marketing, and all can be addressed by telesales. Following the period end, the Company has also entered into agreements with two telesales consultancies and three recruitment consultancies to accelerate Business Alerts' revenue growth on the established services in Norway and the UK.

The Board expects that material additional contribution will be made in 2016 and beyond from revenue share agreements which are the subject of ongoing roll-out programs. The Company is also actively engaged in pursuing two opportunities to establish a presence in Germany and Finland well in advance of the mandatory provisions of the 2014 EU Directives becoming effective.

Discussions are also progressing on the design and commercials for delivery of certain larger enhancements and other changes due to the new EU Directives and other regulatory driven changes. These discussions are expected to lead to contracts being signed which will contribute non-recurring revenues by the end of 2015 and early 2016.

While on a constant currency basis the Board is confident of meeting its expectations for the year ending 31 December 2015, it is mindful of the recent further strengthening of sterling against the Euro, Swedish Krona, Danish Krona and the Norwegian Krona, which if persists in the remainder of the year would impact both the Company's revenue and costs and result in the Company reporting a reduced loss than anticipated.

With the funding in place and the sharper strategic focus described above, I am confident that 2015 will close with strong growth for the Group, driven, in particular, by Business Alerts, with Tender Lite and spend share agreements expected to generate additional revenues into 2016.

Thomas Beergrehn
Chief Executive Officer

Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2015

	6 months to 30 June 2015 (unaudited)	6 months to 30 June 2014 (unaudited)	Year to 31 December 2014 (audited)
	£'000	**£'000**	**£'000**
Revenue – Continuing operations	1,189	1,052	2,504
	1,189	1,052	2,504
Administrative expenses	(2,109)	(2,575)	(4,632)
Operating loss	(920)	(1,523)	(2,128)
Finance costs	(1)	(2)	(5)
Loss before taxation	(921)	(1,525)	(2,133)
Taxation	(8)	-	399
Loss for the period attributable to owner owners of the parent	(929)	(1,525)	(1,734)
Exchange differences arising on the translation of foreign subsidiaries	36	-	(20)
Total comprehensive loss for the period attributable to owners of the parent	(893)	(1,525)	(1,754)
Basic and diluted loss per share attributable to owners of the parent	(0.014)	(0.026)	(0.028)

Condensed Consolidated Statement of Financial Position at 30 June 2015

	As at 30 June 2015 (unaudited)	As at 30 June 2014 (unaudited)	As at 31 December 2014 (audited)
	£'000	**£'000**	**£'000**
ASSETS			
Non-current assets			
Property, plant and equipment	82	74	68
Other long term receivables	12	11	11
Total Non-current assets	94	85	79
Current assets			
Trade and other receivables	584	831	614
Current tax assets	158	-	149
Cash and cash equivalents	393	102	1,119
Total Current Assets	1,135	933	1,882
Total assets	1,229	1,018	1,961
EQUITY AND LIABILITIES			
Equity			
Share Capital	63	58	63
Share premium	6,126	4,689	6.126
Merger reserve	2,676	2,676	2,676
Other reserves	186	116	176
Foreign exchange reserve	(15)	(38)	(51)
Retained earnings	(9,214)	(8,076)	(8,285)
Total equity	(178)	(575)	705
Non-current liabilities			
Deferred tax liability	15	-	17
Obligations under finance leases	21	-	-
Total Non-current liabilities	36	-	17
Current liabilities			
Trade and other payables	1,363	1,593	1,238
Loans and other borrowings	1	-	1
Obligations under finance leases	7	-	-
Total Current Liabilities	1,371	1,593	1,239
Total Liabilities	1,407	1,593	1,256
Total equity and liabilities	1,229	1,018	1,961

Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2015

	6 months to 30 June 2015 (unaudited)	6 months to 30 June 2014 (unaudited)	Year to 31 December 2014 (audited)
	£'000	£'000	£'000
Cash inflow from operating activities			
Loss before taxation	(929)	(1,525)	(1,734)
Adjustments for:			
Interest expense (net)	1	2	5
Income tax	(9)	-	(129)
Depreciation and amortisation	10	70	81
Share option charge	9	73	75
Net foreign exchange gain	39	-	(56)
Operating cash flows before movements in working capital	(879)	(1,380)	(1,758)
Decrease in trade and other receivables	30	(434)	(207)
Increase in trade and other payables	125	196	(70)
Cash used in operations	(724)	(1,618)	(2,035)
Interest paid	(1)	(2)	(5)
Net cash used in operating activities	(725)	(1,620)	(2,040)
Cash flows from investing activities			
Purchases of property, plant and equipment	(29)	(49)	(54)
Net cash used in investing activities	(29)	(49)	(54)
Financing activities			
Proceeds from issue of share capital		-	1,501
Costs relating to share issues		-	(59)
Repayments of obligations under finance leases	28	-	-
Net cash generated from financing activities	28	-	1,442
Net decrease in cash and cash equivalents	(726)	(1,669)	(652)
Cash and cash equivalents at beginning of period	1,119	1,771	1,771
Cash and cash equivalents at end of period	393	102	1,119

Condensed Consolidated Statement of changes in equity
For the six months ended 30 June 2015

	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 2014							
As at 1 January 2014 (audited)	58	4,689	(6,551)	2,676	(31)	43	884
Loss for the period	-	-	(1,525)	-	-	-	(1,525)
Other Comprehensive losses:							
Exchange differences arising on translation of foreign subsidiaries					(7)		(7)
Transactions with owners:							
Share based payment	-	-	-	-	-	73	73
As at 30 June 2014 (unaudited)	58	4,689	(8,076)	2,676	(38)	116	(575)
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
Transactions with owners:							
Share based payment	-	-	-	-	-	10	10
As at 30 June 2015 (unaudited)	63	6,126	(9,214)	2,676	(15)	186	(178)

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared and presented in accordance with IAS 34 'Interim Financial Reporting'. They have been prepared on a going concern basis consistent with accounting policies and methods of computation and presentation set out in the Group's consolidated financial statements for the year ended 31 December 2014. The half yearly financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2014, 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 2014 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 2015 is unaudited.

2. Segmental information

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

	6 months to 30 June 2015	**6 months to 30 June 2014**	**Year to 31 December 2014**
	£'000	**£'000**	**£'000**
Revenue – Continuing operations	1,189	1,052	2,504
Administrative expenses	(2,109)	(2,575)	(4,632)
Operating loss	(920)	(1,523)	(2,128)
Finance costs	(1)	(2)	(5)
Loss before taxation	(921)	(1,525)	(2,133)

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 2015	**6 months ended 30 June 2014**	**6 months ended 30 June 2015**	**Year ended 31 December 2014**
	£'000	£'000	£'000	£
UK	376	344	-	-
European Union	486	582	94	79
Rest of World	327	126	-	-
Total	1,189	1,052	94	79

The first half of 2015 revenue includes £127,603 relating to one customer. This compares to £119,901 of revenue generated from the largest customer in the first half of 2014 and £291,148 for the year ended 31 December 2014.

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 £0.893m by the weighted average number of ordinary shares of 62,566,406 (2014 H1: 57,665,496) 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 for the six months ended 30 June 2015.

5. Post balance sheet event

On 27 August 2015, the Company announced that it had raised £0.941million (before expenses) through the issue of the first tranche of the Convertible Loan Notes to institutional and other investors. Under the terms of the Loan Note Instrument, the Convertible Loan Notes will have a right to be converted, conditional upon Shareholders' approval, into ordinary shares of 0.1p each in the Company. In addition, the Company raised £0.412 million (before expenses) by way of a placing to institutional and other investors of 5,150,000 new ordinary shares of 0.1p each at a price of 8p per new ordinary share.

6. 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.