

26 January 2017

EU Supply plc
(“EU Supply”, the “Company” or “the Group”)

Trading Update

EU Supply plc (LSE AIM: EUSP), the e-procurement software provider, announces a trading update ahead of the release of its audited final results for the year ended 31 December 2016, which are expected to be slightly ahead of market expectations. All of the figures included in this announcement are subject to audit.

Revenue is expected to be up 21% to £3.4m (2015: £2.8m), of which, as at 31 December 2016, approximately 71% (2015: 73%) was expected to be of recurring or repeated nature.

Loss before interest and tax is expected to be reduced by approximately 43% to £0.8m (2015: £1.4m), despite the negative impact of foreign exchange movements.

Revenue growth has continued in Q4 2016 and the Group is expected to have been profitable before tax in the quarter.

The Group also generated positive cash flow in H2 2016 with cash as at 31 December 2016 of £0.97m (30 June 2016: £0.91m and 31 December 2015: £1.43m).

Business Alerts services continued to grow during 2016 with anticipated annual revenues of over £450k, mainly in Norway. The paid for enhancement contracts won during H2 2016 and early 2017 are expected to complement the Group’s SaaS recurring revenues going forward.

The Company expects to release its audited final results for the year ended 31 December 2016 in late April 2017 when the Board will provide an update on trading and prospects.

Commenting, Thomas Beergrehn, CEO of EU Supply, said:

“I am pleased to report that the actions initiated by the Board just over a year ago have resulted in the Group’s first profitable quarter. While we expected to reach operating profit on a run rate basis before the end of the year, we achieved more than that despite currency movements.

The Group has also built an exceptionally strong order book for H1 2017 and a promising pipeline for the year and beyond. I look forward to accelerated revenue growth in 2017 and expect to report a first annual profit before interest and tax.”

FURTHER ENQUIRIES

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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 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.