

28 January 2016

**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 for the year ended 31 December 2015.

The Board expects to report total revenues for the year ended 31 December 2015 of approximately £2.8m (2014: £2.5m). This represents anticipated growth of approximately 13% year-on-year, or approximately 24% at constant currencies. Foreign exchange movements continued to have a negative impact on revenues, but a positive effect on the Group’s costs.

At 31 December 2015, 73% of revenues for the year ended 31 December 2015 were expected to be of recurring or repeated nature (2014: 73%). Loss before interest and tax is anticipated to be reduced by around 34% from the preceding year to approximately £1.4m (2014: £2.1m). The Group’s cash position as at 31 December 2015 was approximately £1.4m (2014: £1.1m).

The above figures are subject to audit.

The service offerings of both Business Alerts to suppliers and a Tender Lite service, a lightly configured CTM™ platform, contributed in the year, principally in Norway. Some markets, mainly the UK, are proving more saturated than expected in respect of licenses of tender management solutions. Although Business Alert services to bidders are anticipated to contribute with revenues of around £0.25m for the year ended 31 December 2015, the UK market is proving to be more difficult to penetrate than expected. As a consequence, revenues from Business Alert services were disappointing in the second half of the year.

The Board is maintaining its focus on long-term contracts with recurring annual revenues under the SaaS delivery model and, although EU Supply’s markets have continued to grow, the Company has seen competitors buying market share through significantly lowering their prices and generally further increased levels of price pressure in several of its markets thereby reducing EU Supply’s revenue growth. The Group’s strategy is to continue to focus on certain industries and sub-sectors of markets with less competition and where it considers that reasonable prices can be achieved. The Board continues to review and refine the Company’s offerings provided on its CTM™ platform.

The Board is still determined in 2016 to achieve profitability on a run rate basis even before taking account of any revenue generated from any new offerings referred to above. Actions have been taken and further actions are to be taken during 2016 to bring costs more into line (including all Directors agreeing to temporary reductions in salary or fee as appropriate) with expected revenues to ensure a profitable platform from which the Company can grow in 2017 and beyond.

A number of new smaller SaaS contracts have been signed during the last quarter of 2015 and early 2016, generating revenues in 2016 and beyond, including among others Echelon Consultancy Limited, a UK procurement consultancy, a leading pharmaceutical distributor in the UK, Kammeradvokaten, a leading Danish law firm advising local and regional public sector authorities, and Rambøll Management Consulting A/S, a Danish management consultancy.

Furthermore, the Company has entered into contracts for additional enhancement with existing customers such as the Swedish Transport Administration, a large company in the nuclear energy industry and three other public sector bodies during the second half of 2015 which are expected to contribute to revenues in 2015 and 2016.

In addition to the Group's first revenues being generated from customers in Finland and Iceland during 2015, a Letter of Intent was signed with a well-established IT services organisation in Germany during the last quarter of the year which is expected to result in a partner agreement being signed during 2016. Furthermore, a partner agreement with an equipment and services company focusing on the oil & gas and energy industries was signed during December 2015, which is expected to generate growing recurring revenues in the coming years.

The Company expects to release its audited final results for the year ended 31 December 2015 in late April 2016 when the Board will provide a further update on trading and prospects.

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

“With 73% of revenues for the year to 31 December 2015 expected to be of recurring or repeated nature as at December 31 2015, the significant cost reductions planned and a promising sales pipeline, I am confident that the Board's target of achieving profitability on a run rate basis during 2016 will be achieved even with conservative expectations of pipeline conversion. This should then ensure a profitable platform from which the Company can grow in 2017 and beyond.”

**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 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 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.