



22 August 2018

cloudBuy plc
("cloudBuy" or the "Company")

Interim Results for the six months ended 30 June 2018

cloudBuy plc (AIM: CBUY), the global provider of cloud-based ecommerce marketplaces and B2B buyer and supplier solutions, today announces its unaudited interim results for the six months ended 30 June 2018.

Key Points

Operational

- PHBChoices continues to make progress with an increase in the number of PHBs spending on the system and the number of CCGs preparing to onboard also increasing. New prospect CCGs also continue to be added to the pipeline.
- Contracts won in 2016 continue to generate revenue as detailed below, although non-renewal of older legacy contracts and a continual decline in Company Formation revenue has resulted in an overall reduction in revenue.
- The impact of cost reductions made in 2017 and 2018 have significantly reduced the cost base.

Financial

- Operating loss decreased by 39% to £0.793m (2017: £1.296m) after a charge for share based payments of £0.054m (2017: £0.248m). Excluding share based payments, operating loss reduced by 29%.
- Net cash outflow was down to £0.855m (2017 excluding fundraising, net cash outflow: £1,043m), a reduction 18%.
- Cash and cash equivalents increased to £1.605m at 30 June 2018 (30 June 2017: £1.469m)
No new funding was raised in H1 2018.
- Revenue decreased by 21% from H1 2017 to £0.651m.
- Administrative expenses, excluding share based payments, decreased by 26% to £1.282m (2017: £1.732m).

Ronald Duncan, Executive Chairman and CIO of cloudBuy, commented, "We continued to reduce our losses and cash burn despite a reduction in revenue from legacy contracts. PHBChoices remains the focus for growth, and we are making progress. During the second half of the year we have seen an increase in CCGs contacting the PHBChoices sales team directly asking about signing up, whereas previously we were exclusively reaching out to them. We believe that this is as a consequence of the drive from NHS England where they have instructed CCGs as follows;

"By April 2019, NHS England expects that unless there are exceptional circumstances, everyone living in their own home who is in receipt of NHS Continuing Healthcare funding will be offered a personal health budget".

This is a 180 degree change from the current system where the default is a CCG managed budget with only a very few individuals being offered a PHB. It is clear from our discussions with CCGs that this means that they are now aware that they have to have processes and systems in place to manage much larger numbers of PHB's by April 2019.

Management continues to believe that expected increases in revenue and cost reductions will mean that the business will reach cash break even without further funding being required."

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About cloudBuy plc

cloudBuy, (AIM: CBUY), provides cloud solutions for buyers and sellers – and brings them together to trade securely and ethically via an increasing number of public e-marketplaces and private purchasing portals around the world, powered by cloudBuy ecommerce technology.

cloudBuy solutions for buyers help B2B purchasers understand and control their spend, to reduce costs and increase value. Our cloudSell solutions enable sellers of all sizes, from start-ups to corporates, reach new customers and grow their business.

cloudBuy's technology platform powers web sites, public marketplaces and private purchasing portals that enable all types of online interactions and relationships including, citizen and business to government; consumer to business; and business to business.

For more information visit: www.cloudbuy.com

CHAIRMAN'S STATEMENT

Revenue

We continue to focus on our key projects.

PHBChoices

During 2018 we have seen a change in momentum as NHS England has increased the pressure on CCGs to meet their targets for PHB's for individuals with Continuing Healthcare (CHC) needs. There has also been a consultation on the extension of individuals legal rights to have a PHB's to cover additional groups with care needs.

From April 2019 every CCG must offer any individual with CHC needs a personal health budget as the default option for the management of their ongoing care.

We are also seeing a more joined up approach from Health and Local Government with a number of Local Authorities approaching us about using PHBChoices for all of their direct payment and joint funded recipients.

NHS Shared Business Services has invested in increased sales and marketing activity over this period, which is continuing and has had a positive impact on the pipeline of CCGs looking to adopt PHBChoices.

United Overseas Bank in Singapore

We are providing a marketplace for the bank's SME customers, giving access to special offers and competitive pricing from a range of flagship suppliers. The initial, anchor suppliers are all large organisations with whom the bank has a strategic relationship. The marketplace is now live in Singapore, with a wider Asia Pacific roll out to new countries being considered by UOB for implementation in 2019. The contract is consistently revenue generating with set up fees and SaaS licence fees being generated in H1 and transaction fees expected to commence in H2. We are currently working with additional anchor suppliers to integrate their booking and inventory systems with the UOB marketplace.

York Schools

Our project with the York Region District School Board in Ontario is live and producing ongoing SaaS licence and to date, a small amount of transaction fees which are expected to grow in H2 and into 2019. We are presenting to additional Ontario School Boards and hope to secure further contracts which will generate SaaS licence and implementation fees in the future.

HealthShare New South Wales

Our Spend Analytics project in Australia is live and providing spend analysis to 33 hospitals and health organisations in the region. We have identified significant savings opportunities for our client during implementation. The contract continues to be revenue generating with SaaS licence fees although revenue is lower than in the comparable period as implementation has been completed.

University of Exeter

Implementation of this project progressed in H1, generating SaaS licence and implementation fees. This system has gone live in August 2018.

Non-Strategic Legacy Contracts and Company Formations

A number of our long standing UK public sector clients chose not to renew their contracts in H2 2017 and H1 2018. In addition, revenue from Company Formations has continued to decline in line with prior periods. These two areas of declining revenue have resulted in a reduction in overall revenue.

Funding

No new funding was raised in the 6 months to 30 June 2018 (2017: £1.476m).

Financial Results

Turnover showed a decrease of 21% compared to H1 2017. Operating losses were reduced by £0.503m to £0.793m as a result of the reduction in administrative expenses and share based payments.

Cash and cash equivalents as at 30 June 2018 were £1.605m (30 June 2017: £1.469m).

Outlook

Consistent with our ongoing strategy, PHBChoices remains our key focus for resource allocation to deliver future revenue growth. Some progress towards revenue growth from this contract has been made in H1 and based on pipeline development in the year to date, growth from PHBChoices is expected to accelerate during the remainder of 2018 and into 2019.

It is expected that losses will continue to reduce during the remainder of 2018.

Ronald Duncan

Executive Chairman and CIO

21 August 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	6 months to 30 June 2018 £'000	6 months to 30 June 2017 £'000	Year ended 31 Dec 2017 £'000
Revenue	2	651	819	1,504
Cost of sales	-	(107)	(134)	(227)
Gross Profit		543	685	1,277
Administrative expenses		(1,282)	(1,733)	(3,463)
Share based payments	-	(54)	(248)	(164)
Operating loss		(793)	(1,296)	(2,350)
Finance Income -interest received		-	-	-
Finance costs	-	(289)	(184)	(398)
Loss on ordinary activity before taxation		(1,082)	(1,480)	(2,748)
Income tax expenses		-		136
Loss for the year attributable to equity shareholder of parents		(1,082)	(1,480)	(2,612)
Other comprehensive income – item which will or may be reclassified to profit and loss				
Exchange gain arising on translation of foreign operation		97	(9)	115
Total Comprehensive Income		(985)	(1,489)	(2,497)
Loss per share - basic and diluted		0.8p	1.1p	1.9p

Revenue and operating loss all derive from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	30 June 2018 £'000	30 June 2017 £'000	31 Dec 2017 £'000
Assets				
Non-current assets				
Other intangible assets		7	7	4
Property, plant and equipment		45	152	64
		52	159	68
Current Assets				
Trade and other receivables		408	562	464
Taxes recoverable		-	60	-
Cash and cash equivalents		1,605	1,469	2,460
		2,013	2,091	2,924
Total assets		2,065	2,250	2,992
Liabilities				
Current liabilities				
Trade and other payables		(1,221)	(1,029)	(1,164)
		(1,221)	(1,029)	(1,164)
Non-current liabilities				
Financial liabilities - borrowings	4			
Non-convertible loan notes		(1,718)	(1,633)	(1,674)
Convertible loan notes		(4,021)	(2,822)	(4,001)
		(5,739)	(4,455)	(5,675)
Total liabilities		(6,960)	(5,484)	(6,839)
Total net (liabilities)/assets		(4,895)	(3,234)	(3,847)
Shareholder's equity				
Called up share capital		1,304	1,304	1,304
Share premium account		5,534	5,534	5,534
Other reserve		2,220	1,737	2,215
Share based payment reserve		1,205	1,235	1,151
Currency translation		(53)	(318)	(194)
Accumulated losses		(15,105)	(12,726)	(13,858)
Total equity attributable to equity shareholders of the parent		(4,895)	(3,234)	(3,847)

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	6 months to 30 June 2018	6 months to 30 June 2017	Year ended 31 Dec 2017
	£'000	£'000	£'000
Cash flow from operating activities			
Loss before taxation	(1,247)	(1,480)	(2,750)
Adjustments for :			
Finance income/cost	289	184	398
Depreciation of property, plant and equipment	19	38	109
Amortisation of other Intangible assets	2	3	6
Share based payments	54	248	164
Changes in working capital			
Trade and other receivables	55	(40)	59
Trade and other payables	(164)	(125)	208
Currency translation	141	(9)	134
Net cash used by operations	(851)	(1,181)	(1,673)
Tax (paid)/received	-	147	-
Net cash used in operating activities	(851)	(1,034)	(1,673)
Cash flows from investing activities			
Interest paid			(1)
Purchase of other intangible assets	-	(1)	-
Purchase of property, plant and equipment	(5)	(8)	(11)
Net cash used in investing activities	(5)	(9)	(12)
Cash flows from financing activities			
Issue of loan notes	-	1,476	3,109
Net cash generated from financing	-	1,476	3,109
Net increase/(decrease) in cash and cash equivalents	(855)	433	1,424
Cash and cash equivalents at beginning of period	2,460	1,036	1,036
Cash and cash equivalents at end of period	1,605	1,469	2,460

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	Share Capital	Share premium	Other reserve	Share based payment reserve	Currency translation	Accumulated losses	Share- holder's equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 01 January 2017	1,304	5,534	1,594	987	(309)	(11,246)	(2,135)
Share issued in the year	-	-	-	-	-	-	-
Convertible loan notes issued in the year	-	-	143	-	-	-	143
Share based payments	-	-	-	248	-	-	248
Exchange in year	-	-	-	-	(9)	-	(9)
Retained loss for the year	-	-	-	-	-	(1,480)	(1,480)
At 30 June 2017	1,304	5,534	1,737	1,235	(318)	(12,726)	(3,234)
Share issued in the year	-	-	-	-	-	-	-
Convertible loan notes issued in the year	-	-	478	-	-	-	478
Share based payments	-	-	-	(84)	-	-	(84)
Exchange in year	-	-	-	-	124	-	124
Retained loss for the year	-	-	-	-	-	(1,131)	(1,131)
At 31 December 2017	1,304	5,534	2,215	1,151	(194)	(13,858)	(3,847)
Share issued in the year	-	-	-	-	-	-	-
Convertible loan notes issued in the year	-	-	5	-	-	-	5
Share based payments	-	-	-	54	-	-	54
Exchange in year	-	-	-	-	141	-	141
Retained loss for the year	-	-	-	-	-	(1,247)	(1,247)
At 30 June 2018	1,304	5,534	2,220	1,205	(53)	(15,105)	(4,895)

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

These interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the year ended 31 December 2017 and the interpretation of those accounting standards underlying the accounting policies. IAS 34, Interim Financial Reporting, has not been applied. The interim financial statements have been issued in accordance with the AIM Rules of the London Stock Exchange and are unaudited. The financial information set out does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006. The auditors' report on the statutory accounts for the year ended 31 December 2017 which have been filed with the Registrar of Companies was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The preparation of financial statements requires estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from those estimates.

This announcement which was approved by the board of cloudBuy plc on 21 August 2018 will be published on the company's website at www.cloudbuy.com.

2. Revenue (unaudited)

Below is an analysis of revenue recognised and gross profit attributable between reportable segments

	6 months to 30 June 2018	6 months to 30 June 2017	Year ended 31 Dec 2017
	£'000	£'000	£'000
Company formation services	166	209	377
Web and ecommerce services	465	579	1,067
Coding International Limited	20	31	60
	<u>651</u>	<u>819</u>	<u>1,504</u>
Gross Profit			
Company formation services	93	112	219
Web and ecommerce services	431	542	999
Coding International Limited	20	31	60
	<u>543</u>	<u>685</u>	<u>1,278</u>

3. Loss per share (unaudited)

The calculations for loss per share are based on the weighted average number of shares in issue during the year 129,968,645 (6 months to 30 June 2017: 132,432,664; year ended 31 December 2017: 129,968,645) and the following losses:

	6 months to 30 June 2018	6 months to 30 June 2017	Year ended 31 Dec 2017
	£'000	£'000	£'000
Unadjusted earnings:			
Loss for the year attributable to equity shareholders of the parent	(1,082)	(1,480)	(2,612)
Add back:			
Share-based payments	54	248	164
Adjusted earnings	(1,028)	(1,232)	(2,448)

The share options and warrants are not dilutive as they would not increase the loss per share in the year.

The basic and diluted loss per share calculated on the unadjusted earnings is 0.8p (6 months to 30 June 2017: 1.1p; year ended 31 December 2017: 1.9p).

4. Convertible Loan Stock and Loan Stock

The principal terms of the loan instruments are as follows:

"Existing" Loan Notes

Instrument (the "Instrument")	Interest bearing loan note instrument constituting 4,172,562 £1.00 secured convertible loan notes and 1,577,438 £1.00 secured non-convertible loan notes
Amount	Up to £5,750,000
Term	10 year term with an early repayment option on 5th anniversary
Drawdown	Minimum of £3,274,300 in first draw down then in increments of a minimum of £1 million in size
Interest	2.33%
Borrower Covenants	cloudBuy plc cannot issue any instrument that is pari passu or senior to the Instrument and/or the Loan Notes without the consent of the holder of the Loan Notes
Lender Covenants	None
Conversion price	6.5 pence (conversion at any time in full or in part at the election of loan note holder) or 1 penny (in the event that the outstanding amount of the Convertible Loan Notes (including principal and interest) has not been repaid or converted by the Final Redemption Date)
Security	The Loan Notes will be secured, by way of a secondary charge over the Company's assets, with the charge ranking behind the Company's clearing bank facility provider from time to time where the priority charge over the Company assets will be limited to £300,000 in value
Future Investment	Mr. Roberto Sella to have the right, but not the obligation, to participate in future equity fundraising by the Company at 80% of the price of other investors up to the end of the Term

“New” (December 2017) Loan Notes, figures are for the amount issued in December 2017, A further potential £1,700,000 is available under the facility.

Instrument (the "Instrument")	Interest bearing loan note instrument constituting 1,700,000 £1.00 secured convertible loan notes
Amount	£1,700,000
Term	10 year term with an early repayment option on 5th anniversary
Drawdown	Single amount drawn of £1,700,000
Interest	2.33%
Borrower Covenants	cloudBuy plc cannot issue any instrument that is pari passu or senior to the Instrument and/or the Loan Notes without the consent of the holder of the Loan Notes
Lender Covenants	None
Conversion price	2.0 pence (conversion at any time in full or in part at the election of loan note holder) or 1 penny (in the event that the outstanding amount of the Convertible Loan Notes (including principal and interest) has not been repaid or converted by the Final Redemption Date)
Security	The Loan Notes will be secured, by way of a secondary charge over the Company's assets, with the charge ranking behind the Company's clearing bank facility provider from time to time where the priority charge over the Company assets will be limited to £300,000 in value

5. Disclosure of Concert Party Shareholdings

The following details are required to be disclosed in this report to comply with the conditions of The Takeover Code. Mike Pasternak who is a director of cloudBuy is deemed to be acting in concert with Roberto Sella for the purposes of the Takeover Code. The holdings of Roberto Sella and Mike Pasternak at 30 May 2018 and 30 June 2018 as follows:

Shareholder	Interest in issued share capital on 30 May 2018	Percentage interest in issued share capital on 30 May 2018	Total interest on the basis that the further £1,700,000 New CLS available under the facility are issued in the future and all CLS including PIK notes are converted immediately before their final redemption date (10 years after issue)	Percentage total assuming no other ordinary shares are issued
Roberto Sella	14,700,000	11.27%	301,204,965	72.24%
Mike Pasternak	2,150,000	1.65%	2,150,000	0.52%
Total	16,850,000	12.92%	303,354,965	72.76%