

# Proxama PLC

## INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

Proxama PLC (AIM: PROX) (“Proxama” or the “Company”), the global platform provider of mobile proximity marketing, mobile wallet and payment solutions, is pleased to announce its unaudited consolidated Interim results for the period ended 30 June 2014.

### Financial overview

- Revenues of £350,420 in line with existing guidance (H1 2013: £344,344)
- Cash as at 30 June 2014: £5,326,656
- EBITDA loss of £2,518,289 in line with existing guidance (H1 2013: £1,322,046)
- Loss per share of 0.32p (H1 2013: 0.36p)

### Business highlights

- Continued investment in building senior level sales force with appointment of Pascal Caillon in the USA and also additions made to the Board and UK and European sales team.
- Proxama Inc. – with main base in San Francisco – was opened with Pascal Caillon as our North America GM
- Ongoing investment in both core Proxama technology platforms – CardGateway® (for mobile NFC payments) and TapPoint® (our SaaS platform for proximity marketing)
- The first half saw Proxama making significant progress in building its partnership and customer base including, Norwich city “connected city” deployment, PPS partnership, Launch of Ubisofts “Watch Dogs” game, secure mobile coupon and loyalty schemes for retailers partnering with HID, Valid LatAm 3 year licensing agreement, Cryptomathic launch of mobile payments solution and Argos.
- Post the period end Proxama announced further progress with its partnership and client relationships with Kia Oval and Liverpool cultural and entertainment mobile proximity solution in conjunction with Purple Seven.
- Strong interest from tier 1 banks in UK and Europe for NFC/HCE payment solutions (CardGateway®).
- Significant interest and momentum building from pre pay card providers following the NFC Apple Pay announcement
- Signed partner agreement with Eye Airports to build out a mobile marketing network. Eye Airports connects brands with over 100 million passengers across the UK.

## Market Developments

- After much speculation Apple announced that iPhone 6, iPhone 6 plus and their new product Apple Watch will include NFC as a standard feature. Initially this will support the new Apple Pay service for the US market, but new features and markets will be announced by Apple soon. This is excellent news for Proxama, vindicates our belief and strategy that NFC is the technology for payments on mobile at point of sale and will significantly accelerate the adoption of contactless infrastructure across the western world. All new smartphones now include support for NFC as standard.
- 2015 EMV (Chip & PIN) rollout in the US and the recent Apple announcement means retail contactless terminals will be shipped at an accelerated rate – further priming our market.
- It was reported on 14 September 2014 in the media that Weve are no longer pursuing a mobile wallet strategy. This may be due to the growth of NFC Host Card Emulation (HCE) as the preferred method for banks to transition their cards into phones for Android and the recent Apple Pay announcement which has clarified NFC as the global standard of contactless technology. Both HCE and the adoption by Apple of NFC, we believe significantly broadens Proxama’s market opportunity. Banks and financial institutions can deal with Proxama directly, no longer requiring a Mobile Operators SIM card to deploy contactless payment offerings in the market.
- Card schemes VISA and MasterCard® have issued their NFC HCE specifications for mobile contactless payments and AMEX is expected to announce theirs soon.
- MasterCard announced that NFC (contactless) will be standard in all Point-of-Sale terminals by 2020, removing any doubt that the retail infrastructure for NFC will be rolled out globally.

**Neil Garner**, Chief Executive of Proxama, commented:

*“During the rest of the year we will continue to build our partnerships and platform infrastructure in the UK and USA to enable Proxama to be a core part of the future global retail commerce ecosystem, and ensure that our platforms become the de facto standard for connecting bricks-and-mortar stores with state-of-the-art mobile commerce.”*

*Recent developments in the market have renewed our confidence that the leading global retailers, banks and physical media owners will use our platforms to pilot innovative services with the prospect of rolling them out for mass market scale in 2015 and beyond.”*

For further Information:

<b>Proxama PLC</b> Neil Garner, Chief Executive Miles Quitmann, Chief Commercial Officer Coen van Breda, Chief Financial Officer	020 7959 2298
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## Notes to Editors

Proxama is a global platform provider of mobile proximity commerce solutions: for mobile NFC contactless payments and mobile proximity marketing and loyalty. Our solutions are used by financial institutions, media owners, stadium owners, retailers and brands.

Our two technology platforms, TapPoint® and CardGateway®, sit at the heart of our business. TapPoint® delivers proximity engagement and loyalty solutions for retailers, media owners, stadium owners and brands by utilising technologies such as NFC, Bluetooth LE (beacons), geo-fencing and QR codes. CardGateway™ is our mobile contactless (NFC) payment platform that enables banks to transition their card portfolio onto mobile, for mobile contactless payments.

<http://www.proxama.com>

## **CHAIRMAN'S STATEMENT**

During the period under review, we continued to develop our two core platforms, CardGateway® and TapPoint® and committed a significant amount of investment in recruiting new talent for our business development team in Europe and North America and strengthening the Board.

### **CardGateway® - mobile NFC contactless payments**

The strategic vision for Proxama's NFC payment division is on track and was recently endorsed by the NFC based Apple Pay announcement made on 9 September 2014. NFC will be the standard technology that performs contactless payments on mobile at point-of-sale.

Our mobile contactless payment platform, CardGateway®, which enables banks, financial institutions and prepay card companies to transition their card portfolio onto mobile for contactless payments, continued to attract major interest from banks, card issuers and payment processors across Europe.

With the advent of NFC HCE (Host Card Emulation) in the latest Android smartphones this has broadened the addressable market for Proxama and means that we can enable contactless payments for card issuers directly, without the need to work with mobile network operators and their SIM based secure element. We believe this and the recent Apple announcement will significantly accelerate the adoption of contactless services.

Furthermore, the card schemes VISA and MasterCard® have issued their NFC HCE specifications for mobile contactless payments and AMEX is soon to announce theirs. CardGateway® will be fully compliant with all scheme specifications.

In June, we announced a strategic partnerships with Pre Pay Solutions (PPS) the leading pre-paid payment platform company owned by MasterCard® and Edenred. This relationship is

flourishing and there are a number of prospect opportunities we are working on together. Additionally our partnership with Cryptomathic allows us to address multi-country roll outs for CardGateway®.

We continue to work closely with our strategic partners Trustonic, an ARM®, Gemalto and our Giesecke & Devrient joint venture. Proxama is a Trustonic Platinum partner and this important relationship provides Proxama with valuable differentiating security features for our CardGateway® platform.

### **TapPoint® - mobile proximity marketing**

During the period, the TapPoint® platform has been upgraded to support the latest Bluetooth Low Energy (BLE) devices such as Apple iBeacon. TapPoint® supports all core proximity technologies, such as BLE, NFC, QR codes, geo-fencing and Wi-Fi.

The strategic vision for TapPoint® is to build a mobile proximity marketing network across “places”. Places can be defined as any combination of cities, stadia, retail shopping centres and media sites where TapPoint® can be deployed to serve hyper-relevant content (ads, offers, information and loyalty) to consumers on mobile.

As an example, we are delighted to be partnering with Eye Airports as their mobile proximity network provider. Eye operates the advertising network across 24 airports in the UK, including Gatwick, Manchester and Stansted. This partnership presents an addressable market of 100 million air travellers.

We hope to be soon able to announce details of a key initiative with a media partner to build out a mobile proximity advertising network in a major conurbation in the UK. We expect this initiative to present a potential addressable market of many millions of consumers.

Since the period end, we have already announced the first of our key city-based “places” initiatives for the "Norwich Connected High Street". This is the first of what could be many city-based deployments that proximity-enables a city. At a more local level, the TapPoint® platform was deployed in Liverpool’s cultural locations with our partner Purple Seven.

TapPoint® was deployed at the KIA Oval, delivering a complete mobile digital proximity solution during the recent Fifth Test Match between England and India. This provided spectators access to a wide range of services. We are confident the relationship with the Kia Oval will flourish during 2015 and in particular during the coming Ashes Series.

At retailer level we announced a campaign with Ubisoft across selected GAME retail stores in the UK for the launch of their new game Watch Dogs™. This is a further example of TapPoint® capability for physical retail locations.

A key focus for TapPoint® is the ability to combine mobile marketing with the receipt of a voucher or loyalty points and the ability to redeem these points, with payment, at the point of sale. Our partnership with The Logic Group resulted in the deployment of our first combined mobile proximity loyalty app for a major retail chain. The Logic Group was recently acquired by Barclaycard, and we are optimistic that this will lead to significant further opportunities.

Our mobile wallet solution delivery for Weve, the joint venture set up by EE, O2 and Vodafone

continued to develop during the period. However, it became clear for various reasons that Weve were unable to fully commit to launching the planned cross operator wallet. All work with Weve ceased towards the end of the period. All platform IP belongs to Proxama and we now have a bigger pipeline of opportunities working directly with retailers and banks.

### **Financial Review**

First half revenue of £350,420 was in line with expectations and marginally up on the same period last year (H1 2013: £344,344). Revenue growth is largely flat due to Proxama, as previously reported, shifting its focus to working with customers and partners that present a long term scaling opportunity, reducing focus on “one off” revenue engagements in preference to per event and per handset based recurring revenue.

The group loss for the first half of 2014 was £2,554,119 and EBITDA loss of £2,518,289 in line with expectations and compares to the same period 2013 group loss of £1,277,307 and EBITDA loss of £1,322,046.

The first half 2014 Group loss increased primarily due to increase in overheads £2,805,908 (H1 2013 £1,546,088) reflecting our investment in people for our product roadmap development and increasing our sales teams.

As at 30 June 2014 total equity was £5,836,314 (2013: £1,283) of which £5,326,656 (2013: £54,719) were cash and cash equivalents.

As we announced in our trading update in July 2014, we anticipate a much stronger second half with the expectation for revenues to grow substantially during 2015 as mobile proximity commerce reaches its inflexion point.

### **Board and Management Changes**

In June, we were delighted to announce the appointment of Shaun Gregory as a Non-Executive Director who brings a wealth of experience of digital marketing to the Board from his background at Telefonica, as a former Chairman of WEVE and as the new CEO of Exterior Media, the leading Outdoor Media business.

Also in June we announced the appointment of Pascal Caillon as General Manager of Proxama USA who will lead the development of business opportunities in North America. Pascal was previously Head of Business Development for CorFire, a competitor in the mobile wallet space.

Coen van Breda our Chief Financial Officer has notified us of his intention to leave the company to pursue other interests. He has agreed to stay with us until early 2015 to ensure a smooth handover to his successor for which we have begun the recruitment process. We thank him for all of his efforts to date and wish him well for the future.

### **Outlook**

The Board believes that the prospects for the company have been significantly enhanced by the very recent recognition that NFC is the accepted global technology standard for point-of-sale interaction for all mobile devices. We anticipate that proximity marketing, contactless payments and the whole mobile commerce industry will now grow more rapidly and faster than previously expected. The last year has seen several important shifts in the progress towards mobile proximity commerce, and the technology landscape has now been clarified. We believe that Proxama is very well placed to take advantage of this massive market opportunity.

The Board looks forward to providing further updates as we progress through the year.

David J Bailey

Chairman

**PROXAMA PLC****CONSOLIDATED INCOME STATEMENT****FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Notes	<b>Six months ended 30 June 2014 Unaudited £</b>	Six months ended 30 June 2013 Unaudited £	Year ended 31 December 2013 Audited £
Revenue		<b>350,420</b>	344,344	813,380
Cost of sales		<b>(178,855)</b>	(149,005)	(422,007)
<b>Gross profit</b>		<b>171,565</b>	195,339	391,373
Administrative expenses		<b>(2,805,908)</b>	(1,546,088)	(3,714,183)
Administrative expenses – exceptional item		-	-	(2,063,921)
Other operating income		<b>26,091</b>	1,800	17,705
<b>Operating loss</b>		<b>(2,608,252)</b>	(1,348,949)	(5,369,026)
Finance income		<b>19,133</b>	526	2,503
Finance expense		<b>(34,588)</b>	(9,663)	(45,989)
<b>Loss on ordinary activities before taxation</b>		<b>(2,623,707)</b>	(1,358,086)	(5,412,512)
Taxation		<b>69,588</b>	80,779	172,723
<b>Loss for the period</b>		<b>(2,554,119)</b>	(1,277,307)	(5,239,789)
Loss per share – basic and fully diluted		(0.32p)	(0.36p)	(1.25p)

The accompanying notes are an integral part of these interim financial statements

**PROXAMA PLC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	<b>Six months ended 30 June 2014 Unaudited £</b>	Six months ended 30 June 2013 Unaudited £	Year ended 31 December 2013 Audited £
Loss for the period	<b>(2,554,119)</b>	(1,277,307)	(5,239,789)
Other comprehensive income/(expense)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the period attributable to equity holders</b>	<b><u>(2,554,119)</u></b>	<b><u>(1,277,307)</u></b>	<b><u>(5,239,789)</u></b>



**PROXAMA PLC**

**CONSOLIDATED BALANCE SHEET**

**AS AT 30 JUNE 2014**

	Notes	As at 30 June 2014 Unaudited £	As at 30 June 2013 Unaudited £	As at 31 December 2013 Audited £
<b>Assets</b>				
<b>Non-current Assets</b>				
Intangible assets		677,855	263,097	420,655
Property, plant and equipment		184,860	101,619	102,621
		<u>862,715</u>	<u>364,716</u>	<u>523,276</u>
<b>Current Assets</b>				
Trade and other receivables		459,785	200,236	468,272
Current tax receivable		242,311	295,131	172,723
Cash and cash equivalents		5,326,656	54,719	7,468,818
		<u>6,028,752</u>	<u>550,086</u>	<u>8,109,813</u>
<b>Current Liabilities</b>				
Trade and other payables		(515,800)	(422,087)	(739,033)
Current portion of long-term borrowings		(10,887)	(12,454)	(16,838)
		<u>(526,687)</u>	<u>(434,541)</u>	<u>(755,871)</u>
<b>Net Current Assets</b>		<u>5,502,065</u>	<u>115,545</u>	<u>7,353,942</u>
		<u>6,364,780</u>	<u>480,261</u>	<u>7,877,218</u>
<b>Non-current liabilities</b>				
Non-current borrowings		(528,466)	(478,978)	(509,704)
		<u>(528,466)</u>	<u>(478,978)</u>	<u>(509,704)</u>
<b>Net Assets</b>		<u>5,836,314</u>	<u>1,283</u>	<u>7,367,514</u>
<b>Equity</b>				
Share capital		8,092,336	3,653,535	7,724,336
Share premium account		6,338,332	1,408,042	5,811,795
Share based payment reserve		460,705	203,041	332,323
Merger relief reserve		10,960,607	-	10,960,607
Capital reserve		209,791	209,791	209,791
Convertible loan		55,200	55,200	55,200
Other reserve		(9,225,108)	(989,378)	(9,225,108)
Retained earnings		(11,055,549)	(4,538,948)	(8,501,430)
		<u>(11,055,549)</u>	<u>(4,538,948)</u>	<u>(8,501,430)</u>
<b>Total Equity</b>		<u>5,836,314</u>	<u>1,283</u>	<u>7,367,514</u>

**PROXAMA PLC****CONSOLIDATED CASH FLOW STATEMENT****AS AT 30 JUNE 2014**

	<b>Six months ended 30 June 2014 Unaudited £</b>	Six months ended 30 June 2013 Unaudited £	Year ended 31 December 2013 Audited £
<b>Cash flows from operating activities</b>			
Loss before taxation	(2,623,707)	(1,358,086)	(5,412,512)
Adjustments for:			
Depreciation of property, plant and equipment	37,882	26,382	56,562
Amortisation of intangible assets	52,081	521	104,128
Profit on disposal of assets	(5,129)	-	-
Financial income	(19,133)	(526)	(2,503)
Financial expense	34,588	9,663	45,989
Share-based payments	128,382	129,282	258,564
Deemed cost of listing arising on reverse acquisition	-	-	2,063,921
	<u>(2,395,036)</u>	<u>(1,192,764)</u>	<u>(2,885,851)</u>
Decrease/(Increase) in trade and other receivables	8,487	(36,496)	(98,472)
(Decrease)/Increase in trade and other payables	<u>(223,233)</u>	<u>168,482</u>	<u>419,080</u>
<b>Cash used in operations</b>	<b>(2,609,782)</b>	<b>(1,060,778)</b>	<b>(2,565,243)</b>
Income taxes received	-	-	214,352
<b>Net cash used in operating activities</b>	<b>(2,609,782)</b>	<b>(1,060,778)</b>	<b>(2,350,891)</b>
<b>Cash flows from investing activities</b>			
Interest received	19,133	526	2,503
Purchase of intangible assets	(309,280)	(256,131)	(517,296)
Purchase of property, plant and equipment	(127,620)	(13,021)	(30,316)
Sale of property, plant and equipment	12,627	-	-
Cash on acquisition	-	-	1,791,572
<b>Net cash from/(used in) investing activities</b>	<b>(405,140)</b>	<b>(268,626)</b>	<b>1,246,463</b>
<b>Cash flows from financing activities</b>			
Interest paid	(2,633)	(1,384)	(7,486)
Issue of share capital	920,000	530,000	8,210,000
Share issue costs	(25,463)	-	(475,773)
Proceeds from issue of convertible notes	-	500,000	500,000
Repayment of borrowings	<u>(19,144)</u>	<u>(5,872)</u>	<u>(14,874)</u>

<b>Net cash from financing activities</b>	872,760	1,022,744	8,211,867
Net (decrease)/increase in cash and cash equivalents	(2,142,162)	(306,660)	7,107,439
<b>Cash and cash equivalents at beginning of period</b>	<u>7,468,818</u>	<u>361,379</u>	<u>361,379</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>5,326,656</u></u>	<u><u>54,719</u></u>	<u><u>7,468,818</u></u>

# PROXAMA PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Merger relief reserve	Share based payment reserve	Convertible loan	Other reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£	£
At 1 January 2013	3,562,609	1,228,968	209,791	-	73,759	-	(989,378)	(3,261,641)	824,108
Income statement for the period	-	-	-	-	-	-	-	(1,277,307)	(1,277,307)
Total comprehensive income for the period attributable to equity holders	-	-	-	-	-	-	-	(1,277,307)	(1,277,307)
Issue of shares	90,926	179,074	-	-	-	-	-	-	270,000
Share based payments	-	-	-	-	129,282	-	-	-	129,282
Equity element of Convertible loan	-	-	-	-	-	55,200	-	-	55,200
Total transactions with owners	90,926	179,074	-	-	129,282	55,200	-	-	454,482
Total movement in shareholder's equity	90,926	179,074	-	-	129,282	55,200	-	(1,277,307)	(822,825)
At 30 June 2013	3,653,535	1,408,042	209,791	-	203,041	55,200	(989,378)	(4,538,948)	1,283
At 1 July 2013	3,653,535	1,408,042	209,791	-	203,041	55,200	(989,378)	(4,538,948)	1,283
Income statement for the period	-	-	-	-	-	-	-	(3,962,482)	(3,962,482)
Total comprehensive income for the period attributable to equity holders	-	-	-	-	-	-	-	(3,962,482)	(3,962,482)
Cost of acquisition	998,801	271,526	-	10,960,607	-	-	(8,235,730)	-	3,995,204
Issue of shares	3,072,000	4,608,000	-	-	-	-	-	-	7,680,000
Share based payments	-	-	-	-	129,282	-	-	-	129,282
Share issue costs	-	(475,773)	-	-	-	-	-	-	(475,773)
Total transactions with owners	4,070,801	4,403,753	-	10,960,607	129,282	-	(8,235,730)	-	11,328,713
Total movement in shareholder's equity	4,070,801	4,403,753	-	10,960,607	129,282	-	(8,235,730)	(3,962,482)	7,366,231
At 31 December 2013	7,724,336	5,811,795	209,791	10,960,607	332,323	55,200	(9,225,108)	(8,501,430)	7,367,514

	Share capital	Share premium	Capital reserve	Merger relief reserve	Share based payment reserve	Convertible loan	Other reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£	£
At 1 January 2014	7,724,336	5,811,795	209,791	10,960,607	332,323	55,200	(9,225,108)	(8,501,430)	7,367,514
Income statement for the period	-	-	-	-	-	-	-	(2,554,119)	(2,554,119)
Total comprehensive income for the period attributable to equity holders	-	-	-	-	-	-	-	(2,554,119)	(2,554,119)
Issue of shares	368,000	552,000	-	-	-	-	-	-	920,000
Share based payments	-	-	-	-	128,382	-	-	-	128,382
Share issue costs	-	(25,463)	-	-	-	-	-	-	(25,463)
Total transactions with owners	368,000	526,537	-	-	128,382	-	-	-	1,022,919
Total movement in shareholder's equity	368,000	526,537	-	-	128,382	-	-	(2,554,119)	(1,531,200)
At 30 June 2014	8,092,336	6,338,332	209,791	10,960,607	460,705	55,200	(9,225,108)	(11,055,549)	5,836,314

## PROXAMA PLC

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

#### FOR THE SIX MONTHS ENDED 30 JUNE 2014

##### 1. GENERAL INFORMATION

Proxama PLC ("the Company") and its subsidiary Proxama Solutions Ltd (together 'the Group') specialise in next generation mobile marketing, loyalty and mobile wallets. The TapPoint® platform helps businesses accelerate commerce by combining mobile brand engagement, loyalty and mobile contactless payments.

By connecting the physical and the digital worlds businesses such as retailers, brands, Out-of-Home media and stadia owners can engage with consumers by mobile-enabling their physical infrastructure to increase loyalty, receive relevant offers and increase sales.

Proxama's TapPoint® platform is an open API cloud based solution that allows businesses to deploy services quickly and cost effectively by utilising technologies such as NFC, Bluetooth LE, geo-fencing and QR codes.

The Company is a public limited company which is listed on the Alternative Investment Market of the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The address of its registered office is given on the Company Information page.

## 2. BASIS OF PREPARATION

The financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies adopted are consistent with those of the financial statements for the year ended 31 December 2013, as described in those financial statements. In preparing these interim financial statements the Board has not sought to adopt IAS 34 ‘interim financial reporting’.

The figures for the six-month periods ended 30 June 2014 and 30 June 2013 have not been audited. The figures for the year ended 31 December 2013 have been extracted from, but do not constitute, the consolidated financial statements of Proxama PLC for that year. Those financial statements have been delivered to the Registrar of Companies and included an auditors’ report, which was unqualified and did not contain a statement under Section 498(2) or Section 498(3) Companies Act 2006.

## 3. EARNINGS PER SHARE

	<b>Six months ended 30 June 2014 Unaudited £</b>	Six months ended 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
Loss attributable to shareholders	<u>(2,554,119)</u>	<u>(1,277,307)</u>	<u>(5,239,789)</u>
Loss attributable to shareholders excluding exceptions items	<u>(2,554,119)</u>	<u>(1,277,307)</u>	<u>(3,175,868)</u>
	Number	Number	Number
Weighted average number of shares (basic)	<u>807,403,766</u>	<u>358,185,684</u>	<u>419,904,967</u>

The calculation of basic earnings per share is based on loss after taxation and the weighted average number of ordinary shares of 1p each in issue during the period. Diluted earnings per share has not been presented as the company is loss making and hence presenting the diluted earnings per share would reduce the loss per share.