

PROXAMA PLC
COMPANY NUMBER - 06458458

HALF-YEAR REPORT

FOR THE PERIOD ENDED
30 JUNE 2017

**PROXAMA PLC
HALF-YEAR REPORT
FOR THE PERIOD ENDED 30 JUNE 2017**

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Proxama PLC
("Proxama", the "Company" or the "Group")

Half-Year Results and Trading Update

Proxama PLC, (AIM: PROX), the leading mobile location and data intelligence expert, is pleased to announce its half year results for the six months ended 30 June 2017 ("Half Year" or "H1 2017") and a trading update.

Financial Highlights

- A successful equity placing on the 25 July 2017 raising £3.1m (before expenses), enabling the Group to become debt free and provide working capital for the Location Sciences division.
- As expected, revenues decreased to £1.0m (2016: £1.21m), as the Company restructures its Digital Payment division and transitions its focus to Mobile Location Data. Other operating income, which includes grant income, was £0.20m (2016: £0.32m) and therefore total income for the half year is £1.17m (2016: £1.53m).
- Adjusted EBITDA¹ losses before exceptional items reduced to £1.8m (2016: £2.10m).
- Administrative expenses for the business were £3.39m of which £0.36m were incurred to undertake the significant change the business has undergone such as restructure and fundraising. Therefore, the underlying administrative expenses were £3.0m (2016: £4.1m), a reduction of 26%.
- Underlying adjusted EBITDA¹ losses before exceptional items is £1.53m (2016: £2.10m), a reduction of 27%.
- As at September 2017 the annualised costbase of the business is reduced down to approximately £4.2m (2016 full year: £7.4m) which includes 33 full-time employees (reduced from 60 at the start of the year). This significant reduction in the operational cost of the business leaves the Company well positioned for the future.
- Losses before tax for the half year decreased to £2.42m (2016: £2.94m) an improvement of 18%.
- Adjusted loss per share² for the half year of 0.22p (2016: 0.27p).

Operational Highlights

- On-going contract to supply location data and services to a major UK city transport project.
- Restructure of the Digital Payments division, resulting in a reduction to costs of £1.2m.
- Delivery of Digital Payment division services to a major client in South Africa, and retention of all existing clients.

Trading Update

- The Group became fully debt free through a combination of raising £3.1m in July 2017, redeeming fully the £2.5m loan with Barclays, and conversion of the £0.4m White Angle Ltd loan.
- Launch of Location Sciences, as announced on 11 September 2017, incorporating the previous Proximity Marketing business under Managing Director Mark Slade, to provide businesses with unprecedented access to precise location data and services. Highlights include:
 - An increase in audience to over 4 million consumers;
 - The provision of precision location data to three new partners on a recurring revenue basis;
 - The supply of the first attribution services to a major mobile media partner.

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- Significant growth in the key business KPIs set for Location Sciences – our audience surpassed 4 million consumers, following the signing of Rail Delivery Group’s National Rail Enquiries app, and our data points surpassed 2 billion.
- Having exceeded the KPIs, the Board has reset targets to 5 million consumers and 5 billion data points by the end of 2017.
- Mark Slade and Dan Francis appointed to the Board and leading Proxama’s focus on mobile location data.
- Jo Rabin appointed as Chief Technology Officer and joins Proxama’s Executive team.

Commenting on the results, **John Kennedy**, Chief Executive of Proxama, said,

“In 2016 we the laid the important building blocks for the Location Sciences business, securing audience through our app partnerships and expanding our technology to include precise geo-location data. In H1 2017 we’ve been getting the business ‘fit for growth’ through the rebuilding of the Board and management team, becoming completely debt free, significantly restructuring the business whilst materially reducing costs and raising the working capital to invest in Location Sciences. We are already seeing the benefit of this investment through exponential growth of our consumer audience and data scale. We continue to focus on monetisation of this data as well as our transition to higher margin products such as online to offline verification. If you believe there is value in the collection, ownership and analysis of billions of data points, along with the ability to analyse real world moments of millions of consumers and apply this value into advertisers and brands then there are exciting times ahead for Location Sciences and Proxama.”

Enquiries:

Proxama PLC John Kennedy, Chief Executive	Via Redleaf
Peel Hunt LLP (Nominated Adviser and Broker) Edward Knight/Nick Prowting	020 7418 8900
Redleaf Communications Charlie Geller/Fiona Norman	020 7382 4747

This announcement contains inside information for the purposes of Article 7 of regulation 596/2014.

¹ *Adjusted EBITDA means earnings before interest, tax, depreciation, amortisation, impairment and exceptional items*

² *Adjusted loss per share is computed from statutory profits after tax adjusted to exclude exceptional items*

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Forward looking statements

Certain statements contained within the announcement are forward looking statements and are based on current expectations, estimates and projections about the potential returns of Proxama PLC ("Proxama") and industry and markets in which Proxama operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment. These forward-looking statements speak only as of the date of this announcement. Proxama expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in Proxama's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority."

About Proxama PLC

- Proxama PLC is an international mobile commerce company operating across two specialist areas – mobile location data and intelligence, and payments solutions for card issuers and processors.

Location Sciences

- Location Sciences helps companies connect the online world with the offline world using mobile location technology data. We combine cutting-edge mobile location data collection with proprietary machine learning analytics to create new value and insights from location information.
- We're media-agnostic and work with a variety of media, advertising, technology partners – plus the world's biggest brands. Our technology is well positioned to fulfil the need for greater accuracy and accountability in a growing market that is increasingly looking for superior data and verification.

Digital Payments

- Our Digital Payments division provides end-to-end digital solutions to banks and card issuers for EMV enablement, smart card issuance and lifecycle management, PIN management and electronic PIN delivery. Our suite of smart card solutions can uplift existing card processing platforms to EMV and other smart card capability, providing a low-risk, quick to market and cost-effective smart migration path.
- We work with financial and non-financial card issuers and processors who use our solutions to manage hundreds of millions of EMV and other smart card types, including transit and eID, around the world.

**PROXAMA PLC
CHAIRMAN'S STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2017**

Introduction

The first half of 2017 has seen a period of great change for Proxama, and I am pleased with the significant progress we have made in this short time. We have a clear focus, a strengthened balance sheet, and improved efficiencies. I look forward to delivering increased value for our shareholders and customers through the remainder of the year.

The Digital Payment division is now in a stable position following the recent restructuring, resulting in a £1.2m reduction in our cost base. We've completed our work on a cornerstone contract with a major South African financial institution, and providing excellent service to our existing customers. I'd also like to thank our Digital Payments team for their support as we went through the restructuring process.

The recent launch of our Mobile Location Data division, Location Sciences, accelerates our growing position in this exciting sector. In just a few short months we have developed a series of market leading data products, and are already monetising this through our partnerships with major industry players. What excites me most is our ability to monetise the same data set many times over with multiple customers in lots of different sectors, representing a quantum change in our ability to scale the business. We have already started to demonstrate this through the supply of precise and verified journey data to a major UK city planning project, and our participation in the Manchester CitySpire initiative, which sees our unique location data used for transport aggregation services.

Results

The trading performance of the business is in line with management expectations. Total revenues (incl. grant and other income) reduced to £1.17m (2016: £1.53m) as we transformed our Digital Payments and Mobile Location Data divisions.

Total revenue, including grant and other income, for the Mobile Location Data division, Location Sciences was £0.24m (2016: £0.37m), of which grant income accounted for £0.19m (2016: £0.29m).

Revenue for the Digital Payments division was £0.92m (2016: £1.13m), a reduction of £0.2m.

Total Administrative Expenses for the Half Year were £3.39m (2016: £4.1m), a reduction of 17%. Costs associated with the restructuring and fundraising accounted for £0.4m of this. Excluding these costs, underlying Administrative Expenses for the Half Year were reduced by 26%.

As at September 2017, the annualised costbase of the business is reduced down to approximately £4.2m (2016: £7.4m). A key driver for this movement is the reduction in headcount to 33 from 60 at the start of the year.

As at 30 June 2017, the Company had a cash balance of £0.4m and during July raised £3.1m (before expenses) from new and existing investors. Subsequent to the fund raising the Company redeemed its debt with both Barclays and White Angle and is now completely debt free.

Operating Review

Location Sciences

Precise location data and services have never been so important across multiple industry sectors.

In advertising, brands and their agencies are calling for far greater accountability and transparency when investing in mobile advertising campaigns. Location Sciences is able to tell these companies whether their online spend is translating into increased footfall, for example. We can then also give advice on how to target their online audiences in order to get better results in the future.

In transport, operators can see precisely where millions of anonymous mobile users are moving throughout the day, and city planners can see where people have been over many months and predict where they will go in the future with the help of Location Sciences. This means our customers can better plan transport links or improve the layout of cities.

Market outlook

The wider mobile ecosystem is endorsing location intelligence experts who can offer the right combination of quality, first party-derived data and the products to access it at scale. Snap Inc. for example has recently been acquiring several companies in this sector, including Placed, a location intelligence company similar in capabilities to Location Sciences.

Location Sciences welcomes the developments from Apple iOS 11 and Google Android O version that aim to give more visibility to the consumer regarding how data is collected and for what purpose, and is well positioned for 2018 and any changes that will be required due to the proposed GDPR legislation. We feel this proposed legislation will create opportunities for high quality compliant data in the marketplace, and could see smaller and less robust competitors at a fundamental disadvantage.

Location Sciences is now focused on monetising its products during 2017 and plans further products and expansion for 2018.

The summary of our progress is as follows:

Existing products:

Location Data – we've secured several long term and monthly recurring revenue deals to supply our precise location data to industry partners. We expect to add more during the remainder of 2017. Location Sciences currently has a number of additional partners in active commercial discussions, and expect to increase these product revenues by the year end. Feedback from our partners indicates that our data and services are of the very highest quality.

Location Audiences - during H1 2017 we supplied location derived audiences to an industry leading mobile media partner, and expect to continue to do so via our revenue generating partnership agreement, along with new opportunities in the pipeline.

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New products:

OOH Media Attribution & Online To Offline Verification – we continue to work with our existing and new leading Out Of Home (“OOH”) partners and media agencies in order to launch these two additional products to market during 2017.

Progress against KPIs:

The Board set three KPIs for Location Sciences to achieve at or before the end of 2017:

- Audience¹ – 4.0 million consumers
- Data Points² – 2 billion data points
- Revenue Generating Products – generate revenue from all four data products

Following the signing of our exclusive agreement with Rail Delivery Group to incorporate Location Sciences technology into the National Rail Enquiries app, we've seen our audience KPI increase to over 4.0 million, and our data points KPI has surpassed our 2 billion target (figures as of end of August). We have now set new targets of 5 million audience and 5 billion data points by the end of 2017.

During H1 2017 our Location Data and Location Audience products generated their first revenues, and we expect these to grow month on month through H2 2017 as both our data volumes and number of partners increase. We expect to monetise our new products in H2 2017.

Digital Payments division

We continue to focus on delivering excellent service for existing customers, who continue to renew on an annual license basis. We've delivered on major new project in South Africa, and we continue to seek new business, and have an active pipeline. The cost base has been restructured, and operates very efficiently.

People

Further to previous announcements, Mark Slade has joined as Managing Director for the new Location Sciences division and joined the Proxama Board. Dan Francis also joined the Board as Chief Strategy Officer.

We are pleased to announce that Jo Rabin joins the Executive team as Chief Technology Officer (CTO), to deliver the technical scaling of the Location Sciences business. Jo brings with him a wealth of technology and delivery experience from his time as CTO in Residence at Wayra London, CTO Mobile at Thomson Reuters, numerous advisory roles and start-up CTO roles at dotMobi, WiForia and Flirtomatic.

During H1 2017, David Bailey stepped down as Deputy Chairman. I would like to take this opportunity to thank David for his support and contribution to Proxama over several years.

¹ “Audience” is defined as the total number of consumers who have a mobile phone with iOS or Android apps embedded with the Location Sciences technology.

² A “data point” is defined as any device event that Location Sciences records and stores, such as a location event, device status change or beacon interaction.

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CHAIRMAN'S STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2017**

Outlook

The Board is now of the single view we have the right board and executive team, the right cost structure for both divisions, and the right products either in market or in development, to continue to exceed on the 2017 KPIs. We believe that billions of precise data points, combined with the ability to draw monetisable insights, makes Proxama a valuable and strong business.

PROXAMA PLC
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2017

	Six months ended 30 June 2017 Unaudited £	Six months ended 30 June 2016 Unaudited £	Year ended 31 December 2016 Audited £
Revenue	970,072	1,206,766	1,814,238
Cost of sales	(81,463)	<u>(260,073)</u>	<u>(658,508)</u>
Gross profit	888,609	946,693	1,155,730
Administrative expenses	(3,388,445)	(4,097,029)	(6,771,152)
Other operating income	202,514	<u>323,496</u>	<u>580,880</u>
Operating loss	(2,297,322)	(2,826,840)	(5,034,542)
Finance income	1,500	654	1,781
Finance expense	(122,145)	(115,820)	(749,845)
Loss on ordinary activities before taxation	(2,417,967)	<u>(2,942,006)</u>	<u>(5,782,606)</u>
Taxation	52,000	129,962	589,020
Loss for the period	(2,365,967)	<u>(2,812,044)</u>	<u>(5,193,586)</u>
Loss per share – basic and fully diluted	(0.22p)	(0.27p)	(0.39p)

PROXAMA PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017**

	Six months ended 30 June 2017 Unaudited £	Six months ended 30 June 2016 Unaudited £	Year ended 31 December 2016 Audited £
Loss for the period	(2,365,967)	(2,812,044)	(5,193,586)
Foreign exchange difference arising on consolidation	32,024	(12,347)	(18,187)
Total comprehensive loss for the period attributable to equity holders	(2,333,943)	(2,824,391)	(5,211,773)

PROXAMA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	As at 30 June 2017 Unaudited £	As at 30 June 2016 Unaudited £	As at 31 Dec 2016 Audited £
Assets			
Non-current assets			
Intangible assets	4,469,706	4,479,709	4,751,607
Property, plant and equipment	24,504	105,538	44,925
	<u>4,494,210</u>	<u>4,585,247</u>	<u>4,796,532</u>
Current assets			
Trade and other receivables	723,724	821,718	1,075,456
Current tax asset	62,028	-	456,260
Cash and cash equivalents	407,582	348,790	2,026,764
	<u>1,193,334</u>	<u>1,170,508</u>	<u>3,558,480</u>
Current liabilities			
Trade and other payables	(2,036,040)	(1,736,882)	(2,337,253)
Current portion of borrowings	(3,243,869)	(4,301)	(5,222,674)
	<u>(5,279,909)</u>	<u>(1,741,183)</u>	<u>(7,559,927)</u>
Net current liabilities	<u>(4,086,575)</u>	<u>(570,675)</u>	<u>(4,001,447)</u>
	407,635	4,014,572	795,085
Non-current liabilities			
Non-current borrowings	(587)	(2,893,305)	(4,925)
Deferred Tax liabilities	(302,400)	(420,800)	(354,400)
	<u>(302,987)</u>	<u>(421,385)</u>	<u>(359,325)</u>
Net assets	<u>104,648</u>	<u>700,467</u>	<u>435,760</u>
Equity			
Share capital	10,543,986	10,404,372	10,475,177
Share premium account	12,922,636	8,985,383	10,991,445
Share based payment reserve	239,985	969,605	262,447
Merger relief reserve	11,605,556	11,605,556	11,605,556
Translation Reserve	(76,703)	(38,839)	(44,679)
Capital reserve	209,791	209,791	209,791
Equity reserve	44,160	44,160	44,160
Other reserve	(9,225,108)	(9,225,108)	(9,225,108)
Retained earnings	(26,159,655)	(22,254,452)	(23,883,029)
	<u>104,648</u>	<u>700,467</u>	<u>435,760</u>
Total equity	<u>104,648</u>	<u>700,467</u>	<u>435,760</u>

John Kennedy

Director

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2017 Unaudited £	Six months ended 30 June 2016 Unaudited £	Year ended 31 December 2016 Audited £
Cash flows from operating activities			
Loss for the period	(2,417,967)	(2,812,044)	(5,782,606)
Adjustments for:			
Depreciation of property, plant and equipment	22,834	49,810	94,574
Amortisation of intangible assets	463,720	677,917	934,937
Impairment of intangibles assets	25,181	35,668	431,480
Loss/(profit) on disposal of assets	-	(2,460)	12,689
Financial income	(1,500)	(654)	(1,781)
Financial expense	122,145	115,820	749,845
Foreign exchange difference	(8,204)	(164)	10,981
Share-based payments	34,855	34,639	80,446
	<u>(1,758,936)</u>	<u>(1,901,468)</u>	<u>(3,469,435)</u>
Decrease/(increase) in trade and other receivables	347,732	1,058,026	804,289
Increase/(decrease) in trade and other payables	<u>(301,213)</u>	<u>(344,504)</u>	<u>322,267</u>
Cash used in operations	(1,712,417)	(1,187,946)	(2,342,879)
Current tax credits	<u>394,232</u>	<u>684,277</u>	<u>684,277</u>
Net cash used in operating activities	(1,318,185)	(503,669)	(1,658,602)
Cash flows from investing activities			
Interest received	1,500	654	1,781
Purchase of intangible assets	(207,000)	(192,685)	(1,117,415)
Purchase of property, plant and equipment	(2,413)	(28,114)	(28,113)
Sale of property, plant and equipment	-	2,460	2,459
Net cash used in investing activities	(207,913)	(217,685)	(1,141,288)
Cash flows from financing activities			
Interest paid	(122,145)	(95,820)	(209,011)
Issue of share capital	-	421	2,077,288
New HP Loans	-	11,699	-
New long-term loan	-	900,000	900,000
New convertible loan	-	-	1,800,000
Repayments of finance lease agreements	(2,963)	(4,926)	(5,622)
Repayment of other borrowings	-	-	-
Net cash from financing activities	(125,108)	812,004	4,574,354
Net increase/(decrease) in cash & cash equivalents	(1,651,206)	90,650	1,774,464
Cash and cash equivalents at beginning of period	2,026,764	270,487	270,487
Exchange differences on cash and cash equivalents	<u>32,024</u>	<u>(12,347)</u>	<u>(18,187)</u>
Cash and cash equivalents at end of period	<u>407,582</u>	<u>348,790</u>	<u>2,026,764</u>

PROXAMA PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Translation Reserve	Merger relief reserve	Share based payment reserve	Equity reserve	Other reserve	Retained deficit	Total
	£	£	£	£	£	£	£	£	£	£
At 1 January 2016	10,195,024	8,703,332	209,791	(26,492)	11,605,556	934,966	535,138	(9,225,108)	(19,442,409)	3,489,798
Loss for the year	-	-	-	-	-	-	-	-	(2,812,044)	(2,812,044)
Other Comprehensive Income	-	-	-	(12,347)	-	-	-	-	-	(12,347)
Total comprehensive income for the period attributable to equity holders	-	-	-	(12,347)	-	-	-	-	(2,812,044)	(2,824,391)
Issue of shares	209,348	282,051	-	-	-	-	(490,978)	-	-	421
Equity element of convertible loan	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	34,639	-	-	-	34,639
Share issue costs	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	209,348	282,051	-	(12,347)	-	34,639	(490,978)	-	-	35,060
Total movement in shareholder's equity	209,348	282,051	-	(12,347)	-	34,639	(490,978)	-	(2,812,044)	35,060
At 30 June 2016	10,404,372	8,985,383	209,791	(38,839)	11,605,556	969,605	44,160	(9,225,108)	(22,254,453)	700,467
At 1 July 2016	10,404,372	8,985,383	209,791	(38,839)	11,605,556	969,605	44,160	(9,225,108)	(22,254,453)	700,467
Loss for the year	-	-	-	-	-	-	-	-	(2,381,541)	(2,381,541)
Other Comprehensive Income	-	-	-	(5,840)	-	-	-	-	-	(5,840)
Total comprehensive income for the period attributable to equity holders	-	-	-	(5,840)	-	-	-	-	(2,381,541)	(2,387,381)
Issue of shares	70,805	2,006,062	-	-	-	-	-	-	-	2,076,867
Equity element of convertible loan	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	45,807	-	-	-	45,807
Share based transfer	-	-	-	-	-	(752,965)	-	-	752,965	-
Share issue costs	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	70,805	2,006,062	-	-	-	(707,158)	-	-	752,965	2,122,674
Total movement in shareholder's equity	70,805	2,006,062	-	(18,187)	-	(707,158)	-	-	(1,628,576)	(264,707)
At 31 December 2016	10,475,177	10,991,445	209,791	(44,679)	11,605,556	262,447	44,160	(9,225,108)	(23,883,029)	435,760

PROXAMA PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017**

	Share capital	Share premium	Capital reserve	Translation Reserve	Merger relief reserve	Share based payment reserve	Equity reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£	£	£
At 1 January 2017	10,475,177	10,991,445	209,791	(44,679)	11,605,556	262,447	44,160	(9,225,108)	(23,883,029)	435,760
Loss for the year	-	-	-	-	-	-	-	-	(2,365,967)	(2,365,967)
Other Comprehensive Income	-	-	-	(32,024)	-	-	-	-	32,024	-
Total comprehensive income for the period attributable to equity holders	-	-	-	(32,024)	-	-	-	-	(2,333,943)	(2,333,943)
Issue of shares	68,809	1,931,191	-	-	-	-	-	-	-	2,000,000
Equity element of convertible loan	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	34,855	-	-	-	34,855
Share based transfer	-	-	-	-	-	(57,317)	-	-	57,317	-
Share issue costs	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	68,809	1,931,191	-	-	-	(22,462)	-	-	57,317	2,034,855
At 30 June 2017	10,543,986	12,922,636	209,791	(76,703)	11,605,556	239,985	44,160	(9,225,108)	26,159,655	104,648

1. GENERAL INFORMATION

Proxama PLC (“the Company”) and its subsidiary Proxama Solutions Ltd (together ‘the Group’) specialise in mobile technologies through two businesses:

Location Sciences division:

A mobile location data and intelligence business that helps companies connect the online world with the offline world using mobile location technology data. It combines cutting-edge mobile location data collection with proprietary machine learning analytics to create new value and insights from location information.

Digital Payments division:

Provides end-to-end digital solutions to banks and card issuers for EMV enablement, smart card issuance and lifecycle management, PIN management and electronic PIN delivery. The Company’s suite of smart card solutions can uplift existing card processing platforms to EMV and other smart card capability, providing a low-risk, quick to market and cost-effective smart migration path. The Company works with financial and non-financial card issuers and processors who use the Company solutions to manage hundreds of millions of EMV and other smart card types, including transit and eID, around the world.

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 2016, as described in those financial statements.

The figures for the six-month periods ended 30 June 2017 and 30 June 2016 have not been audited. The figures for the year ended 31 December 2016 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.

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

3. LOSS PER SHARE

	Six months ended 30 June 2017 Unaudited £	Six months ended 30 June 2016 Unaudited £	Year ended 31 December 2016 Audited £
Loss attributable to shareholders	<u>(2,365,967)</u>	<u>(2,812,044)</u>	<u>(5,193,586)</u>
Loss attributable to shareholders excluding exceptional items	<u>(2,365,967)</u>	<u>(2,812,044)</u>	<u>(5,193,586)</u>
	Number	Number	Number
Weighted average number of shares (basic)	<u>1,087,126,414</u>	<u>1,030,027,685</u>	<u>1,332,551,074</u>

The calculation of basic loss per share is based on loss after taxation and the weighted average number of ordinary shares of 1p each in issue during the period.

4. SEGMENTAL ANALYSIS

Operating segments are based on internal reports about components of the Company, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker ("CODM") for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance.

The Group's operations in 2016 were structured as four trading companies and its financial reporting is reported to the CODM information on two segments: Digital Payments and Location Sciences (formerly Proximity Marketing). The Digital Payments segment predominantly focuses on the migration of Card Payment systems to the EMV Standard known as "Chip and Pin" from old magnetic stripe systems. The Location Sciences segment centres on providing mobile location based data, media and verification services.

It should be noted that from July 2016, the reporting methodology for management accounts changed such that the all operating expenses formerly classified as Group were included in the Location Sciences division, with Group no longer treated as an internal reporting division. Thus for comparison purposes in prior periods Group should be added to the Location Sciences division. It should also be noted that a segmental analysis of the Balance Sheet is not part of routine management reporting and consequently no segmental analysis of assets is shown here.

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

5. SEGMENTAL ANALYSIS (CONTINUED)

An analysis of revenue is as follows:

	Six months ended 30 June 2017 Unaudited £	Six months ended 30 June 2016 Unaudited £	Year ended 31 December 2016 Audited £
Digital Payments	921,120	1,131,800	1,610,049
Location Sciences	48,952	74,966	204,189
Total revenue	<u>970,072</u>	<u>1,206,766</u>	<u>1,814,238</u>

An analysis of Loss before tax is as follows:

	Six months ended 30 June 2017 Unaudited £	Six months ended 30 June 2016 Unaudited £	Year ended 31 December 2016 Audited £
Digital Payments	(176,511)	(587,755)	(804,506)
Location Sciences	(2,241,426)	(558,562)	(1,569,400)
Group		(1,795,689)	(3,718,951)
Total loss before tax	<u>(2,417,937)</u>	<u>(2,942,006)</u>	<u>(6,092,857)</u>

An analysis of EBITDA is as follows:

	Six months ended 30 June 2017 Unaudited £	Six months ended 30 June 2016 Unaudited £	Year ended 31 December 2016 Audited £
Digital Payments	(176,511)	(587,755)	(804,506)
Location Sciences	(1,614,250)	(558,562)	(1,569,400)
Group		(954,078)	(2,614,636)
Total EBITDA	<u>(1,790,761)</u>	<u>(2,100,395)</u>	<u>(4,988,542)</u>

6. POST BALANCE SHEET EVENTS

The Group became fully debt free through a combination of raising £3.1m in July 2017, redeeming fully the £2.5m loan with Barclays, and conversion of the £0.4m White Angle Ltd loan.

Darwin hold 558,352,249 share warrants at an issue price of 0.1692pence per share. These warrants can be exercised when the share price reaches 0.1692 pence per share. For comparison the share price at 31 August was 0.03 pence per share.

Barclays hold 5,863,021,931 at an issue price of 0.03 pence per share. This equates to 29.9% of the Company's share capital, and were received in exchange for the release of the £2.5m loan facility. A Lock-in and Orderly Market Agreement ("LOMA") was agreed. The warrants cannot be exercised for six months from the agreement (until 26 January 2018) without the prior written consent of the Company. A further provision was agreed where the warrants cannot be exercised for an additional six months (until 26th July 2018) other than through the Company's Broker. In accordance with the terms of the loan redemption no funds are payable by Barclays on exercise of warrants.

7. AVAILABILITY OF HALF-YEAR REPORT

Copies of the half-year report are available on request to members of the public from the Company's registered office at 7/28 Eastcastle Street, London, W1W 8DH. The half-year report can also be viewed at www.proxama.com/investors.