

Proxama PLC

("Proxama" or the "Company")

Pre-close Trading Update

London, 29 January 2016: Proxama PLC (AIM: PROX), the international mobile commerce Company specialising in proximity marketing and a provider of end-to-end payment solutions for card issuers and processors, is pleased to announce the following trading statement for the 12 months to 31 December 2015.

Both the digital payments and proximity marketing divisions have had a stronger second half in 2015, resulting in the Group achieving revenues and other income of approximately £3 million for the full year compared to £0.8 million in 2014. Revenues in the second half of 2015 increased twofold against H1 and visibility on contracted revenue for 2016 is now significantly better than expected. The cost base has been reduced by approximately 23% during the period (£2m annualised) and leaves the Company well placed going into 2016. EBITDA loss is approximately £5.3m (2014: £5.6m) which saw H1 losses (£3.5m) almost halve in H2 (£1.8m). This was ahead of management expectations.

Cash balances at 28 January 2016 stood at £0.8m. In addition, there is an unused loan facility of £0.9m and receipts for an annual support fee of £0.5m. Total available funds, including cash balances, unused facilities and support fees therefore stand at £2.2m.

Marketing Division

In the last three months, this division has gathered important momentum and has in place a pipeline of opportunities that have the potential to showcase the true commerciality of the Company's Bluetooth beacon network, platform technology and associated data. In 2015, a primary objective was to establish a beacon network of at least 10,000 locations. Today, the Company has signed contracts in place to provide a network of over 50,000 locations, the majority of which are in London.

The Company's London coverage is critical and has led to Proxama being able to progress commercial discussions with key partners with the aim of running the first advertising campaigns. These will provide a clear demonstration of the technology, beacon network and data potential.

The momentum for this division continues with new agreements signed with:

- Mapway, the provider of public transport apps with close to 30 million downloads worldwide, have signed a commercial collaboration to enable their apps with Proxama's beacon technology to facilitate contextual in-app messaging and advertising to millions of consumers. Mapway service a number of key markets including London, New York, Paris, Tokyo, Shanghai and Beijing. Their globally-reaching apps include the iconic London Tube Map which alone has c4m reachable consumers, complementing Proxama's beacon enabled transport network within London;

- Primesight, one of the top-4 outdoor media companies in the £1 billion UK out-of-home advertising market, have signed a contract to beacon-enable the Glasgow Tube network of 15 stations, 130 Cinemas, and 500 premium 6-Sheets outside convenience stores including locations in London, Manchester and Birmingham.

Both agreements have substantially increased the scale of Proxama's mobile proximity marketing network and London focus, with further announcements expected in Q1.

Key market trends are moving in the Company's favour, in particular, the launch of Google's open beacon format, Eddystone. Proxama's technology is now compatible and there is the future potential for consumer engagement to be delivered directly via Google's Chrome browser. The upgrade means the demand for beacons to be deployed at scale is increasing and the potential for brands to engage with consumers has grown exponentially.

Payments Division

The Payments Division made good progress in 2015 and secured a series of important revenue generating contracts, most recently announcing a \$1m contract to roll out EMV processing services for a leading U.S. financial services technology company. There remains consistent domestic and international demand for end to end payment solutions as card issuers and banks transition their customers from magnetic stripe cards to chip and PIN and, ultimately, to mobile payments.

Board Change

As announced in May of last year, Neil Garner made the decision to step down as CEO. Further to this, he has decided to resign from the Board and Proxama and will leave the Company at the end of February 2016. The Board would like to take this opportunity to sincerely thank Neil and wish him all the best for the future.

Strategic Review

The Company ended 2015 in a strong position and has continued this trend into 2016. While Proxama has sufficient capital resources for the time being, the Board has been exploring a number of strategic opportunities to fund the required investment whilst securing the financial future of the business.

The Company has received a number of expressions of interest in relation to the Digital Payments division and negotiations are now underway. The Board believes that the Company's balance sheet would be significantly bolstered by the sale of this business and expects the process to complete in Q2 2016. However, there can be no certainty that any offers will be made, any sales concluded, nor as to the terms of any offer or sale. For clarity, the negotiations do not include the consideration or solicitation of bids for the shares of the quoted Group.

A more detailed trading update will be made when the Company announces its results for the 12 months to 31 December 2015 in Q2 2016.

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About Proxama

- Proxama is an international mobile commerce Company specialising in proximity marketing via mobile and providing end-to-end solutions for card issuers to migrate customers from magnetic stripe credit and debit cards to contactless mobile payments.
- The technology to support mobile payments is now in place. 90% of the world's smartphones have technology to make mobile payments and in 2015 30 million contactless mobile payments are expected to be made compared to 3 million in 2014.
- Proxama has been at the forefront of this market for the last 10 years. Today, Proxama's solutions are used by banks, financial institutions, loyalty companies, media owners, stadium owners, retailers and brands. Current clients include: Fiserv, Nets, Navy Federal Credit Union, Exterior Media, Harrods, Ubisoft, Gala and Argos.
- The proximity marketing division focuses on connecting consumers to brands and retailers via Bluetooth Low Energy (BLE) beacon technology. Proxama establishes and owns beacon networks in high footfall locations such as City Centres, stadia, shopping malls and retail outlets, which are then able to communicate to consumers via messages to mobiles when the consumer is in close proximity to a beacon. The technology platform at the heart of this division is TapPoint®
- The payments division manages end-to-end credit and debit cards solutions on behalf of financial institutions in the United States, Europe and the Middle East and specialises in enabling the migration of cards from magnetic stripe cards, to chip and pin cards and from contactless chip cards to mobile devices. The technology behind this division is Proxama's Digital Enablement Platform.