

Share price, p

37 1ST Australian eCommerce marketplace**FORECASTS**

| Y/e 31 Dec | 2014E | 2015E | 2016E | 2017E |
|---------------|---------|-------|--------|--------|
| Turnover £000 | 4,000 | 7,000 | 11,600 | 19,800 |
| EBITDA £000 | (1,406) | 1,024 | 4,322 | 10,345 |
| EBIT £000 | (1,603) | 748 | 3,991 | 9,978 |
| PBT £000 | (1,600) | 750 | 4,000 | 10,000 |
| EPS p | (1.5) | 0.7 | 3.7 | 9.2 |
| Div. p | 0.0 | 0.0 | 0.0 | 0.0 |

VALUATION

| Y/e 31 Dec | 2014E | 2015E | 2016E | 2017E |
|-------------|--------|-------|-------|-------|
| EV/Sales x | 9.5 | 5.4 | 3.0 | 1.4 |
| EV/EBITDA x | (27.1) | 37.2 | 8.1 | 2.7 |
| EV/EBIT x | (23.7) | 50.9 | 8.8 | 2.8 |
| P/E x | (25.2) | 53.7 | 10.1 | 4.0 |
| PEG x | (0.2) | (0.4) | 0.0 | 0.0 |
| ROCE/WACC x | (1.1) | 0.5 | 2.5 | 6.7 |

SHARE DATA

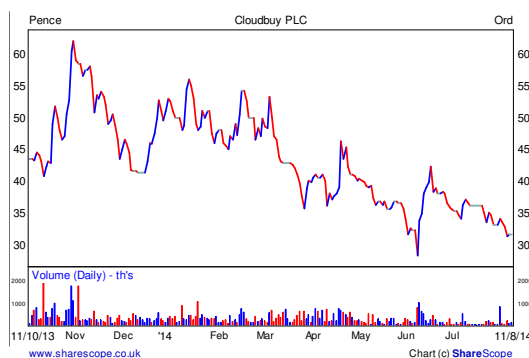
| | | | |
|------------------------|-------|---|-------|
| 12m Lo - Hi p | 15.12 | - | 62.00 |
| Mkt Cap. £m | | | 40.3 |
| Issued shares m | | | 108.9 |
| 30 Day Ave. Vol. 000 | | | 196 |
| 30 Day Ave. Value £000 | | | 68 |
| Beta | | | 0.80 |

SHARE PERFORMANCE

| | 1m | 3m | 12m |
|----------|--------|--------|------|
| Actual % | (13.1) | (21.3) | 77.1 |

Reporting Calendar

| | |
|-------------|--------|
| Interim | August |
| Preliminary | March |
| AGM | July |

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cloudBuy today announced a significant eCommerce marketplace contract win with an Australian State Government ('State'), more details, subject to confidentiality agreements, might emerge with the release of interim results on 21 August 2014.

This contract win is the group's first Australian eCommerce marketplace and follows on from earlier successful spend analysis contracts in the region. It is understood that there are other similarly significant potential customers in the group's burgeoning pipeline.

The initial contract, which is for a minimum period of 6 months, covers the implementation and delivery of the Software as a Service cloudBuy eMarketplace solution and support of the on boarding process of 20 key Treasury and ICT suppliers for Phase 1 of the State's shared service deployment. The marketplace will integrate with the State's SAP enterprise platform, enabling electronic invoicing and purchase orders. cloudBuy has estimated, based upon the State's current procurement card spend, that the contract should generate initial transaction revenues of approximately A\$0.9m pa, which as the platform matures could rise to around A\$7.2m pa.

cloudBuy's interim results for the six months ended 30 June 2014 will not reflect the substantial progress the group has achieved because a large element of the invoicing was at the end of the period. Revenues will be similar to the comparable period's £1.375m. Spend analysis and eProcurement invoicing increased by 50%, which suggests that Coding International is broadly holding its own at last year's levels. It will have assisted in the analysis of over US\$10bn spend in the Asia Pacific region during the first six months of this year, while the Company Formations activities will have contracted further due to Companies House remaining very active in that market place. The group will report an increased interim pre-tax loss due to the upfront investment to support its global expansion in line with its partners' expectations, particularly those of Visa Asia Pacific.

Nevertheless, today's announcement confirms that cloudBuy's global rollout remains firmly on track with a number of projects underway in Australia and Hong Kong with government agencies and global corporates. New Zealand is gradually building traction while India, following its earlier expansion, is establishing a good pipeline of opportunities with large Indian companies and global corporates. Within India and Hong Kong, the group has identified untapped local opportunities that require its marketplace platform to support local taxation, language and cross border trading in a single solution. The group has received spend analysis and marketplace solutions requests from Middle Eastern and African corporates and government agencies, which may result in a Middle Eastern live project before the year end. In addition, cloudBuy has as yet unsolicited live opportunities in North America.

As we have previously commented following the group's exclusive three-year agreement with Visa Asia Pacific, it is only a matter of when not if significant contract wins will be secured. Today's contract win further validates that comment.

Business: cloudBuy provides the only integrated and secure (PCI/DSS compliant) cloud B2B eCommerce platform with embedded electronic payment solutions for all sizes of public and private sector organisation. Also a leading UK company formation specialist.

Profit & Loss, £000

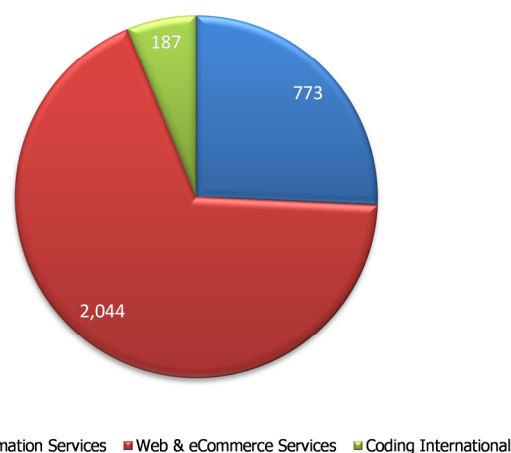
| Y/e 31 Dec | 2010A | 2011A | 2012A | 2013A |
|---------------------------|----------------|----------------|----------------|----------------|
| Turnover | 2,051.0 | 2,353.4 | 2,219.0 | 3,004.1 |
| Cost of Sales | (673.8) | (551.8) | (468.7) | (443.0) |
| Gross Profit | 1,377.2 | 1,801.5 | 1,750.3 | 2,561.2 |
| Margin | 67.1% | 76.6% | 78.9% | 85.3% |
| Admin. Expenses | (1,777.9) | (1,936.9) | (2,430.1) | (3,166.7) |
| R&D | (189.5) | (40.9) | (167.8) | (324.7) |
| Operating Profit | (590.2) | (176.2) | (847.6) | (930.2) |
| Margin | (28.8%) | (7.5%) | (38.2%) | (31.0%) |
| Net Interest | (1.4) | (1.4) | (1.9) | (6.2) |
| Pre-tax (clean) | (589.8) | (151.1) | (754.0) | (768.3) |
| Margin | (28.8%) | (6.4%) | (34.0%) | (25.6%) |
| Exceptionals | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax (reported) | (591.6) | (177.6) | (849.5) | (936.4) |
| Margin | (28.8%) | (7.5%) | (38.3%) | (31.2%) |
| Eps p | (0.9) | (0.1) | (0.9) | (0.7) |
| Dividend p | 0.0 | 0.0 | 0.0 | 0.0 |
| Cover x | NA | NA | NA | NA |

Cash Flow Statement, £000

| Y/e 31 Dec | 2010A | 2011A | 2012A | 2013A |
|---|----------------|----------------|----------------|----------------|
| Operating Profit | (590.2) | (176.2) | (847.6) | (930.2) |
| Depreciation | 56.6 | 38.2 | 42.0 | 58.0 |
| Amortisation | 1.8 | 26.5 | 95.5 | 168.1 |
| Change in W/cap | 174.5 | (19.1) | 48.4 | (369.5) |
| Other | 5.2 | 16.5 | 70.2 | 233.2 |
| Operational | (352.1) | (114.2) | (591.4) | (840.4) |
| Tax | 59.7 | 63.9 | 66.2 | 50.2 |
| Financing | (1.4) | (1.4) | (1.9) | (6.2) |
| Capex | (5.6) | (309.9) | (307.4) | (90.6) |
| Free Cash Flow | (299.4) | (361.6) | (834.5) | (887.0) |
| Net (Acquisitions)/Disposals | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividends Paid | 0.0 | 0.0 | 0.0 | 0.0 |
| Shares Issued | 115.9 | 765.3 | 371.8 | 5,105.1 |
| Changes in Borrowings | (12.5) | (12.5) | 42.4 | (60.7) |
| Other inc FX | 0.0 | 0.0 | 0.0 | 0.0 |
| Movement in Cash & Equivalents | (196.1) | 391.2 | (420.2) | 4,157.4 |

Balance Sheet, £000

| as at 31 Dec | 2010A | 2011A | 2012A | 2013A |
|--------------------------------|----------------|--------------|--------------|----------------|
| Intangible | 0.0 | 239.6 | 358.2 | 202.6 |
| Tangible | 37.8 | 43.4 | 94.8 | 114.8 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed Assets | 37.8 | 283.1 | 452.9 | 317.4 |
| Stocks | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade Debtors | 136.9 | 211.0 | 312.6 | 235.3 |
| Other Debtors | 93.8 | 228.7 | 130.1 | 823.8 |
| Investments | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash | 29.1 | 420.2 | 0.0 | 4,157.3 |
| Current Assets | 259.7 | 860.0 | 442.7 | 5,216.4 |
| Loans | 12.5 | 12.5 | 60.8 | 0.0 |
| Trade Creditors | 167.9 | 181.3 | 226.4 | 270.1 |
| Other Creditors | 323.0 | 474.4 | 485.4 | 417.5 |
| Current Liabilities | 503.5 | 668.2 | 772.6 | 687.5 |
| Loans | 18.3 | 5.8 | 0.0 | 0.0 |
| Other Debtors | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Current Liabilities | 18.3 | 5.8 | 0.0 | 0.0 |
| Net Assets | (224.2) | 469.0 | 123.0 | 4,846.3 |
| NAV p | (0.3) | 0.7 | 0.1 | 4.4 |
| Leverage: | | | | |
| Net Shareholder % | (0.8) | (85.7) | 49.4 | (85.8) |
| Net Cap. Employed % | (0.9) | (82.5) | 33.1 | (85.8) |
| Interest Cover x | (411.8) | (128.6) | (452.6) | (150.0) |

Group Turnover £000**Major Shareholders**

| | |
|------------------------------------|-------|
| RJ & HL Duncan & associated family | 19.3% |
| DJ Holloway | 8.1% |
| ML Pasternak | 7.0% |
| Majedie Asset Management | 6.5% |
| Standard Life Investments | 5.0% |
| Herald Investment Management | 4.6% |

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