

Tungsten Corporation plc

Results for the six months ending 31 October 2014

January 2015



Important information

This document contains forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Tungsten as of the date of this statement. All written or oral forward-looking statements attributable to Tungsten are qualified by this caution. Tungsten does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Tungsten's expectations.

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Tungsten Network

- > 174,000 suppliers up from 168,000
- > 168 buyers up from 124
- > Simplified pricing and enrolment for suppliers
- > 37 buyers taking Invoice Status Service, enabling supplier invoice financing
- > Legal and tax compliant in 47 countries

Tungsten Banking operations, including Tungsten Bank

- > Tungsten Bank acquired, capitalised and integrated for £47m of investment
- > Insight Investment agreement increases invoice financing capacity
- > Tungsten Early Payment launched in UK, offered to eligible US suppliers

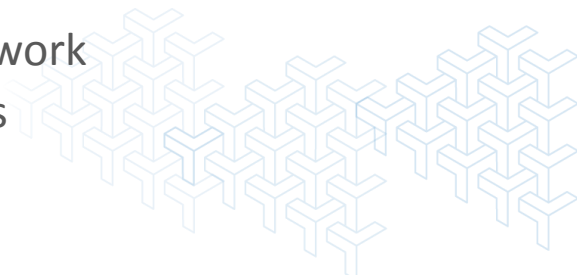
Tungsten Analytics

- > First contract signed
- > 27 multinationals and public sector agencies in trials
- > Average savings identified: 1.7%



Growth potential

- > Billions of funding now available for invoice finance
- > Value of potential addressable invoices has grown to \$2.7 trillion (=12% of world trade)
 - DocuSphere tools enable “ISS for ALL” to present all this flow to the Tungsten portal
 - “paper” invoices as well as electronic
- > ISS rollout
 - Plans to complete ISS rollout to 90%+ within 30 months
 - Top 15 buyers: 5 currently ISS enabled, will be 14 within year
- > Tungsten Analytics can disrupt entire procurement process, e.g. by making catalogues obsolete
- > Targeting G20 / Fortune 500
 - 56% of Fortune 500 currently transacts on Tungsten Network
 - Working with PNC Bank and 9 of top 12 BPOs as resellers



Investing in people

- > Recruited 105 new people
 - new service delivery managers and relationship managers
 - technology development
 - banking marketing and operations

- > 22 people have left or are leaving the Group due to improved efficiencies

- > Senior leadership team moving from acquisition-focused to experienced operational senior executives, as integration of building blocks is completed
 - Rick Hurwitz, CEO of Tungsten Corporation in the US
 - David Williams, Interim CFO
 - New Tungsten Bank Board

The team is in place



Tungsten business model

Tungsten Network connects buyers to their suppliers enabling tax-compliant invoicing

- > 14.4m invoices transacted / £117bn of invoice value flow in 12 months to 31 Dec 2014

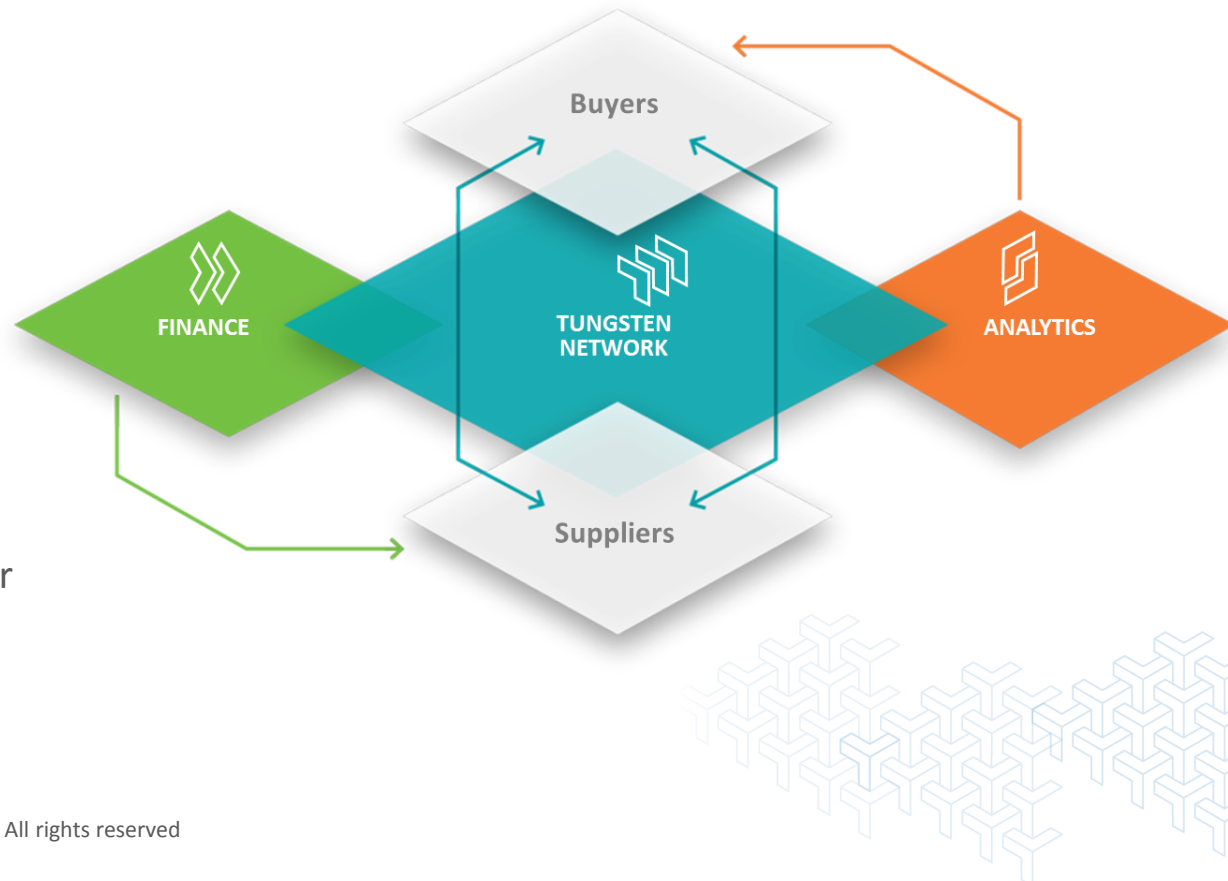
Tungsten Finance offers suppliers early payment on approved invoices

- > Over £10m of financing advanced for two months ended 31 Dec 2014

Tungsten Analytics provides real-time, line level analysis to identify price variance and other spend detail for buyers

- > Pilot with 27 Buyers; 1 signed
- > \$750bn invoice archive

Our vision: *To monetise the global supply chain by building the largest global e-Invoice trading network*



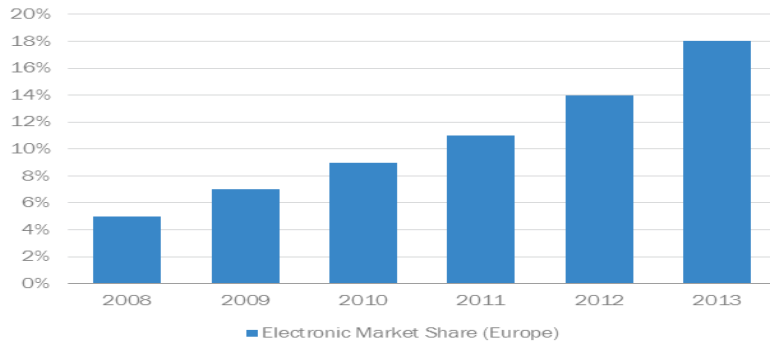
Market opportunity

e-Invoice market overview

- > \$23+trn of addressable world trade; 150bn B2B invoices processed globally, only small % in true electronic format
- > Consistent growth in the e-Invoice market as overall awareness increases; so replace paper
- > National regulators enforcing mandatory adoption (e.g. Brazil, Mexico and the EU)

Non-Paper Invoicing	2008	2009	2010	2011	2012	2013
B2C	4%	5%	7%	9%	11%	13%
B2B / B2G / G2B	6%	8%	10%	13%	16%	20%
Weighted Average	5%	7%	9%	11%	14%	18%

Source: Billentis (2013). Including EDI, PDF

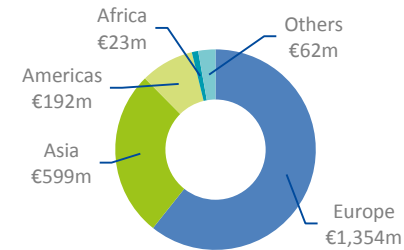


Source: Billentis (2013)

Invoice discount market overview

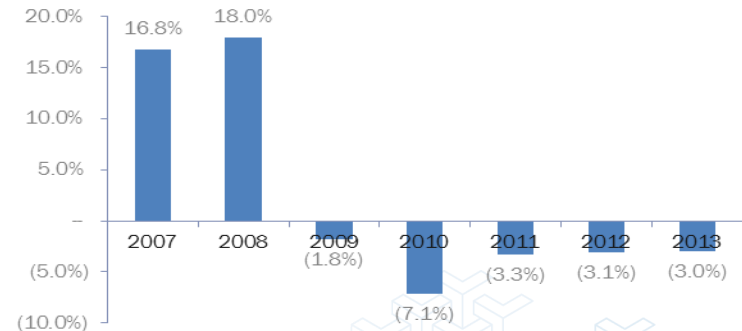
- > Growth in use of factoring as a source of finance globally
- > Banks continue to repair balance sheets, tightening available credit to SMEs

Global factoring industry 2013 by region



Source: Factors Chain International

UK 12 month growth in lending



Source: Bank of England

Increasing our footprint

Tax and legally compliant e-Invoicing in 47 countries

Recently added

- > Brazil
- > Turkey
- > Saudi Arabia
- > UAE
- > Qatar

FY2015 pipeline includes

- > India
- > Russia
- > Japan
- > Chile
- > Colombia

Discussions commenced on China



- e-Invoicing compliant countries
- Pipeline for future countries
- Location of key operations

- > 47 new buyers :
 - include Caterpillar, GE, Siemens and German government departments
- > Suppliers on Tungsten Network increased to 174,000+ by 31 December 2014
- > 14.4 million invoices processed in 12 months to 31 December 2014
 - up from 13 million in 12 months to 30 April 2014
- > £117 billion of invoices, of which £94 billion were e-Invoices, in 12 months to 31 December 2014
 - up from £90 billion in 12 months to 30 April 2014
- > Transition of buyers away from paper: invoice data capture IDC invoices fell to £17 billion in 12 months to 31 December 2014
 - Decrease from £21 billion in 12 months to 30 April 2014



Tungsten Network

168 buyers and 174,000 suppliers currently registered
 representing 67% of FTSE100 and 56% of Fortune 500; US, UK and German government agencies
 Over \$2.7 trillion of potential addressable spend



Avoiding fraud is a huge driver of e-Invoicing growth

ft.com > companies > financials >

Sign out jayne.fishe

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October 3, 2014 6:30 pm

Head of Citi's Banamex unit resigns

The bank carried out a two-month investigation and admitted it failed to spot a host of warning signs of the fraud which involved lending to O services company, against forged invoices for work it was Mexican national oil company.

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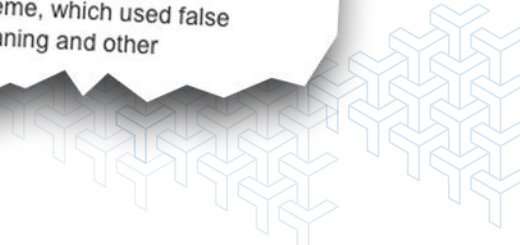
21 October 2014 Last updated at 15:42

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Italian police uncover €1.7bn corporate fraud

Italian police have uncovered a fraud which they say has cost Italian taxpayers €1.7bn (£1.3bn; \$2.2bn).

Two businessmen are accused of setting up the scheme, which used false invoices to bill the state for non-existent security, cleaning and other services.



Tungsten Banking operations: the key to future growth

- > Investment of £43 million to deliver Tungsten Early Payment
- > Insight Investment (owned by BNY Mellon) arrangements give Tungsten access to billions in funding
- > Integration into PNC Bank's AP Advantage platform to target the US mid-cap market
- > Tungsten Bank granted passport into Germany, France, Italy
- > Simplified enrolment for Tungsten Early Payment
 - Easy to use, flexible, non-recourse invoice financing
- > Licensing of Bank was delayed by 6 months due to license, as disclosed previously



Tungsten Analytics: Real Time

Historic cost recovery

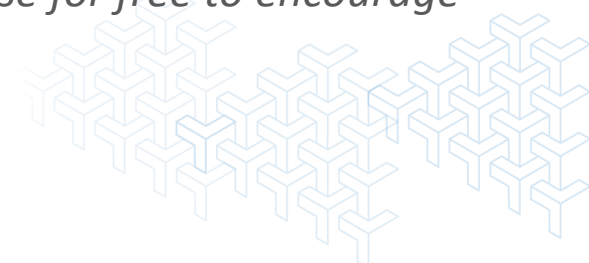
- > 27 clients with \$160 billion analysed
 - o Identified over 1.7% of potential savings from price variances
- > \$750bn database

Revenue based on a split of recoveries between client and Tungsten

Future Procure-to-Pay (P2P) management opportunity

- > Cost savings: Analysis of real-time e-Invoice data on Tungsten Network to show price variances
- > Compliance: e-Invoice line level analysis to drill down to original invoice
- > Supplier management: Tungsten Analytics to show supplier spend and behaviour; support pre-purchase and pre-contract decisions; post-purchase management; and historical price comparisons

Pricing based on percentage of analysed spend; everything else for free to encourage adoption

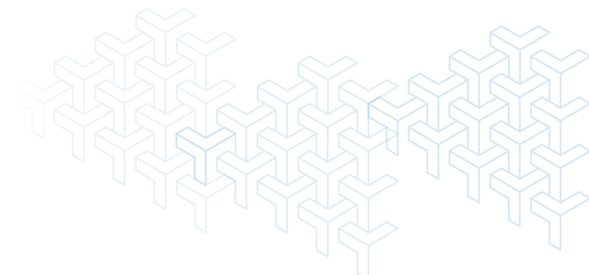


Suppliers: more transactions than PayPal

Strategic Goal of having as many suppliers to mega cap and government buyers as possible on Tungsten Network

- > \$200bn of invoices is only 8% of the potential addressable flow of Tungsten's current buyer customers
- > India, Japan and China compliance, plus G20 are next steps
- > Identified suppliers to be enrolled via improvements in supplier experience
 - Click-to-enroll, pay-to-play, ISS
- > Improved supplier pricing
 - More than 80% expected to transact for free
- > Users benefit from 'Network Effect'

Tungsten transacts more in value and volume of transactions than PayPal



Adding value: business plan drivers

Network – Integrated technology platform

\$1,000bn of value

- Agree mandatory e-Invoice adoption in all addressable territories with current Buyers; add more multinationals and EU governments; invest in mapping for quicker connection
- Invest in the Supplier experience to have 1 million suppliers on platform

Bank – Invoice finance opportunity

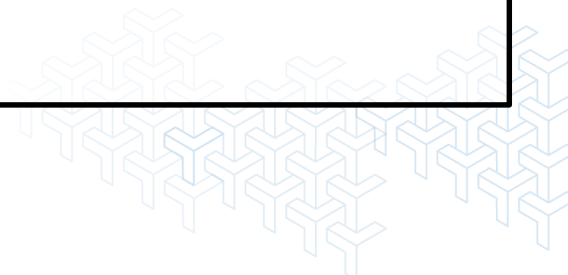
\$100bn in financing

- Underpinned by blue-chip credit risk on approved invoices; invest in ISS for all buyers
- >10% penetration rates for supply chain finance easily accessed by suppliers on the Network
- Flex pricing to average 10% per annum

Analytics – Embed SaaS analytics across the buyer network

\$10bn in savings

- Tungsten Analytics technology as a real time value-added service to all Buyers, driven by data
- Disrupt the Procure-to-Pay supply chain marketplace
- Share in the savings created for Buyers with term contracts



Key investment highlights

- Well invested, established and robust proprietary technology platform
- Building blocks in place for 21st Century “secure, smart, fast” funding solutions for SME market
- Multi Tungsten Bank (UK regulated bank) and agreement with Insight Investments to fund invoice finance globally
- Seamless cloud connection between invoice processing, Banking operations and Analytics
- Cost efficient operating model; captive market; cloud based technology globally
- Significant embedded investment grade buyers already customers
 - 67% of FTSE100 and 56% of Fortune 500; US, UK and German government agencies
- Tungsten Analytics SaaS delivery spend analysis tool; real time price variance; self learning (AI) algorithms
- Experienced and incentivised Board and Executive Management team (holds c19% of equity)
 - wide distribution of employee share schemes (self invested and SAYE schemes)



Financial highlights

- > Revenue of £10.2 million H1-14: £0.8 million
- > EBITDA Loss of £13.3 million H1-14: £5.5 million
 - including one-off costs of £6 million and £2 million recurring investment costs
- > Consolidated loss before tax of £14.8m H1-14: £5.5 million
- > Raised £12m of new equity at 340p/share to acquire DocuSphere
- > Group resources strengthened through Insight Investment financing agreement
- > Net cash of £27.7m H1-14: £75.4m
 - excluding cash in Tungsten Bank



Financial highlights

> Comparison of Investment vs IPO forecast

	Expected final investment	Forecast at IPO
> Banking Operations	44	50-58
> Network & Analytics	17	15

