

Tungsten Corporation plc

Results for the twelve months ending 30 April 2015

22 July 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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Introduction

Rick Hurwitz, Chief Executive Officer



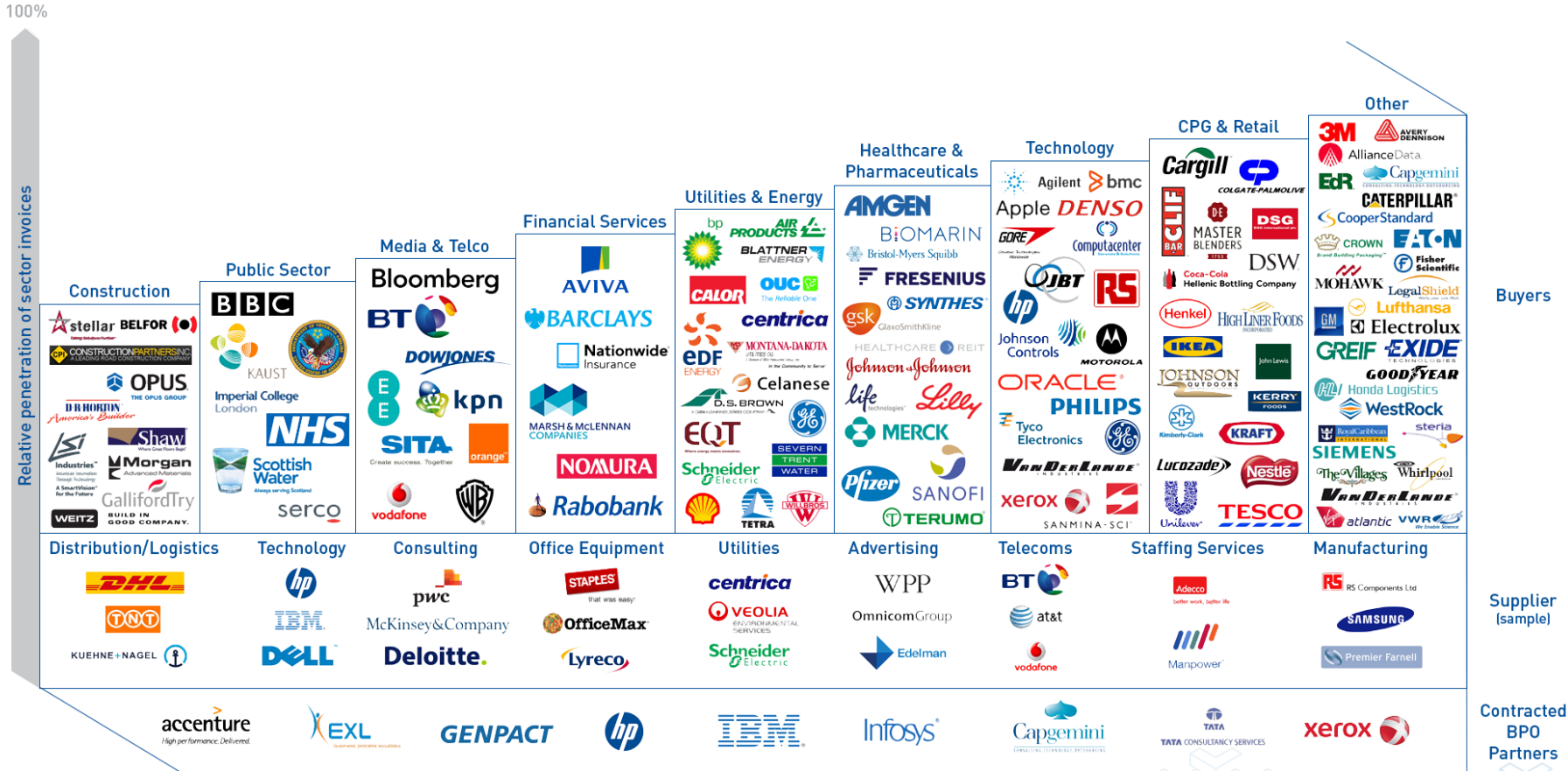
Key Milestones

Date	Milestone achieved
May 2014	Completion of OB10 Integration
	GE agrees multi-year Tungsten Network e-Invoicing programme
July 2014	BT agrees new contract with Tungsten
September 2014	Acquired DocuSphere (£4.3m), provider of accounts payable automation services; now renamed Tungsten Workflow
	Siemens agrees Tungsten Network e-Invoicing programme
November 2014	Tungsten Early Payment launched
December 2014	Insight Investment agreement to fund Tungsten Early Payment
January 2015	1H2015 Revenues of £10.2m
	Tungsten Network reaches 168 buyers and 171,000 suppliers
	David Williams appointed CFO
March 2015	Approval for e-Invoicing in India
	Tungsten Network now compliant in 47 countries
May 2015	Share placing of £17.5m to provide further Group liquidity
	Rick Hurwitz appointed CEO



Tungsten Network – Current Buyers and Suppliers

173 buyers and 181,000 suppliers currently registered representing 67% of FTSE 100 and 56% of Fortune 500; US, UK and other government agencies



Financial Review

David Williams, Chief Financial Officer



Performance in Maiden Full Year of Operations

- Group **Revenue** up 19% at £23.1m (2014 pro-forma: £19.5m)
- Group **EBITDA** loss of £24.8m (2014: £10.2m loss)
- Year-end Group **net cash** of £32.6m (2014: £62.6m)
- Invoice financing **funding** secured through Insight Investment agreement
- Group balance sheet strengthened via new equity raises:
 - £12m raised in September 2014
 - £17.5m raised in May 2015 (post year-end)
- **Tungsten Network**
 - Buyers up 40% to 173
 - Suppliers up 8% to 181,000
 - Value and volume transacted up 10%
- **Tungsten Early Payment** and **Tungsten Analytics** – at an early stage



Financial Year 2015 P&L

£'000 (unless stated)	Pro-forma FY2014	Reported FY2015	% change
Revenue			
Tungsten Network	19,501	23,018	+18%
Tungsten Network Finance	-	120	-
Total Revenue	19,501	23,138	+19%
Operating Expenses (ex-D&A)	(31,134)	(47,974)	+54%
EBITDA	(11,633)	(24,836)	+114%
Depreciation/Amortisation	(765)	(2,263)	+196%
Operating loss	(12,398)	(27,099)	+119%
Net finance costs	(201)	(224)	+11%
Taxation	125	302	+145%
Loss for the year	(12,474)	(27,021)	+142%
Basic & diluted loss per share	(18.60p)	(26.34p)	+42%



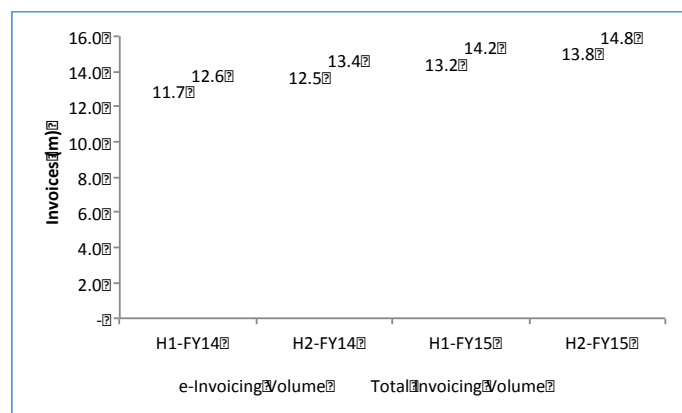
Tungsten Network – Steady Growth

£'000	1H2014 ¹	2H2014	1H2015	2H2015
Revenue	£9.5m	£10.0m	£10.2m	£12.8m
EBITDA	(£1.5m)	(£1.2m)	(£2.5m)	(£2.6m)
Add back: one-off costs	n/r ²	n/r ²	£1.0m	£1.8m
Underlying EBITDA	(£1.5m)	(£1.2m)	(£1.5m)	(£0.8m)
No. of buyers ^{3,4}	122	124	168	173
No. of suppliers ⁴	140,000	168,000	171,000	181,000

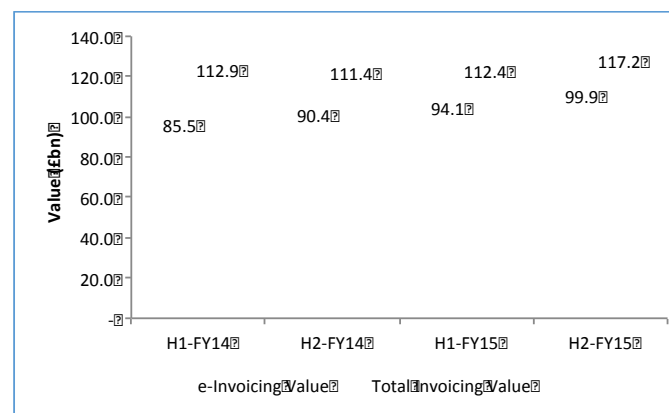
Notes:

- 1) Pro-forma and not reported
- 2) One-off costs not reported
- 3) Includes 43 Tungsten Workflow buyers from the acquisition of DocuSphere
- 4) At period end

• Network Invoicing Volume



• Network Invoicing Value



- Consistent growth in volume and value of e-Invoices
- Increase of 10% FY14 v FY15 for both metrics

Tungsten Early Payment – Early Stage of Growth

	1H2014	2H2014	1H2015	2H2015
Revenue	-	-	-	£0.1m
EBITDA	-	(£1.9m)	(£7.1m)	(£5.6m)
Add back: one-off costs	-	£1.9m	£4.1m	£2.3m
Underlying EBITDA	-	-	(£3.0m)	(£3.3m)
No. of registered suppliers	-	-	-	38
Total value financed	-	-	-	£32m
Penetration rate – large corporates	-	-	-	n/s ¹
Penetration rate – SMEs	-	-	-	6.6%
Average yield – large corporates	-	-	-	4.5%
Average yield – SMEs	-	-	-	12.4%

- Minimal revenue to date
- Total one-off costs to date of £8.3m, including £6.4m in FY2015
- Early stages of the product
- 79% repeat usage by those suppliers using the product

Note: 1) Not statistically significant, therefore not presented

Corporate Costs

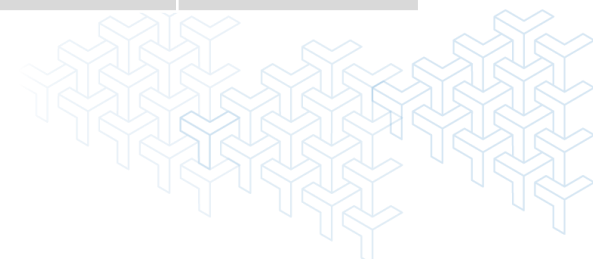
	1H2014	2H2014	1H2015	2H2015
Revenue	-	-	-	-
EBITDA	(£5.4m)	(£1.6m)	(£3.7m)	(£3.3m)
One-offs	n/r	n/r	£1.0m	£1.1m
Underlying EBITDA	(£5.4m)	(£1.6m)	(£2.7m)	(£2.1m)

- Includes
 - Board and adviser costs
 - Transaction costs
 - PLC professional fees
 - Group resources (finance, legal, HR, marketing)
- One-off costs include acquisition costs of Tungsten Bank and DocuSphere and restructuring costs



Cost base

£'000	Pro-forma FY2014	Reported FY2015	FY2015 One-offs	FY2015 Underlying
Staff costs	14,493	19,171	-	19,171
Professional support	2,359	3,470	600	2,870
Office accommodation & services	3,062	4,266	601	3,665
Transaction costs	2,376	506	506	-
IT costs	3,542	4,502	585	3,917
Irrecoverable VAT	740	592	264	328
Depreciation & Amortisation	873	2,263	-	2,263
Other expenses	2,179	9,255	2,564	6,691
Setup Fees	2,227	6,212	6,212	-
Total	31,851	50,237	11,332	38,905



FY2015 P&L – by segment

£'000	Tungsten Network	Tungsten Network Finance	Corporate	TOTAL FY2015
Segment Revenue	23,018	120	-	23,138
Admin Expenses	(28,161)	(12,812)	(7,001)	(47,974)
EBITDA	(5,143)	(12,692)	(7,001)	(24,836)
Depreciation & Amortisation	(1,747)	(370)	(146)	(2,263)
Net finance income/(costs)	(444)	(7)	227	(224)
Loss before taxation	(7,334)	(13,069)	(6,920)	(27,323)
One-off costs	2,847	6,363	2,121	11,331
Underlying EBITDA	(2,296)	(6,329)	(4,880)	(13,505)

Balance sheet

£m	FY2014	FY2015
Non-current assets	115.9	131.0
Trade & other receivables	6.0	8.4
Deposit paid for Bank	4.0	-
Invoice receivables	-	6.4
Cash and cash equivalent	62.6	32.6
Current assets	72.7	47.4
Non-current liabilities	(2.9)	(4.0)
Trade & other payables	(6.8)	(8.6)
Deferred income	(7.8)	(8.6)
Current liabilities	14.6	17.3
Net assets	188.6	178.3

- Increase in non-current assets following acquisition of Tungsten Bank and DocuSphere
- £6.4m outstanding Tungsten Early Payment invoice receivables
- £32.6m cash and cash equivalents



Cash position

£'000	FY2014	FY2015
Cash flows from operating activities	(8,094)	(31,554)
Cash flows from investing activities	(77,030)	(10,669)
Cash flows from financing activities	144,373	11,765
Net (decrease)/increase in cash	59,249	(30,458)
Cash at start of year	3,397	62,646
Exchange adjustments	-	415
Cash at end of year	62,646	32,603

- Operating cash outflow or £31.6m
- EBITDA loss of £24.8m
- Working capital of £7.0m including £6.3m Tungsten Early Payment invoice receivables
- Investing activities of £10.7m acquisition of Tungsten Bank and DocuSphere
- £11.8m new equity raised
- Cash at year end at £32.6m – split £19.5m in Tungsten Bank and £13.1m available to the Group



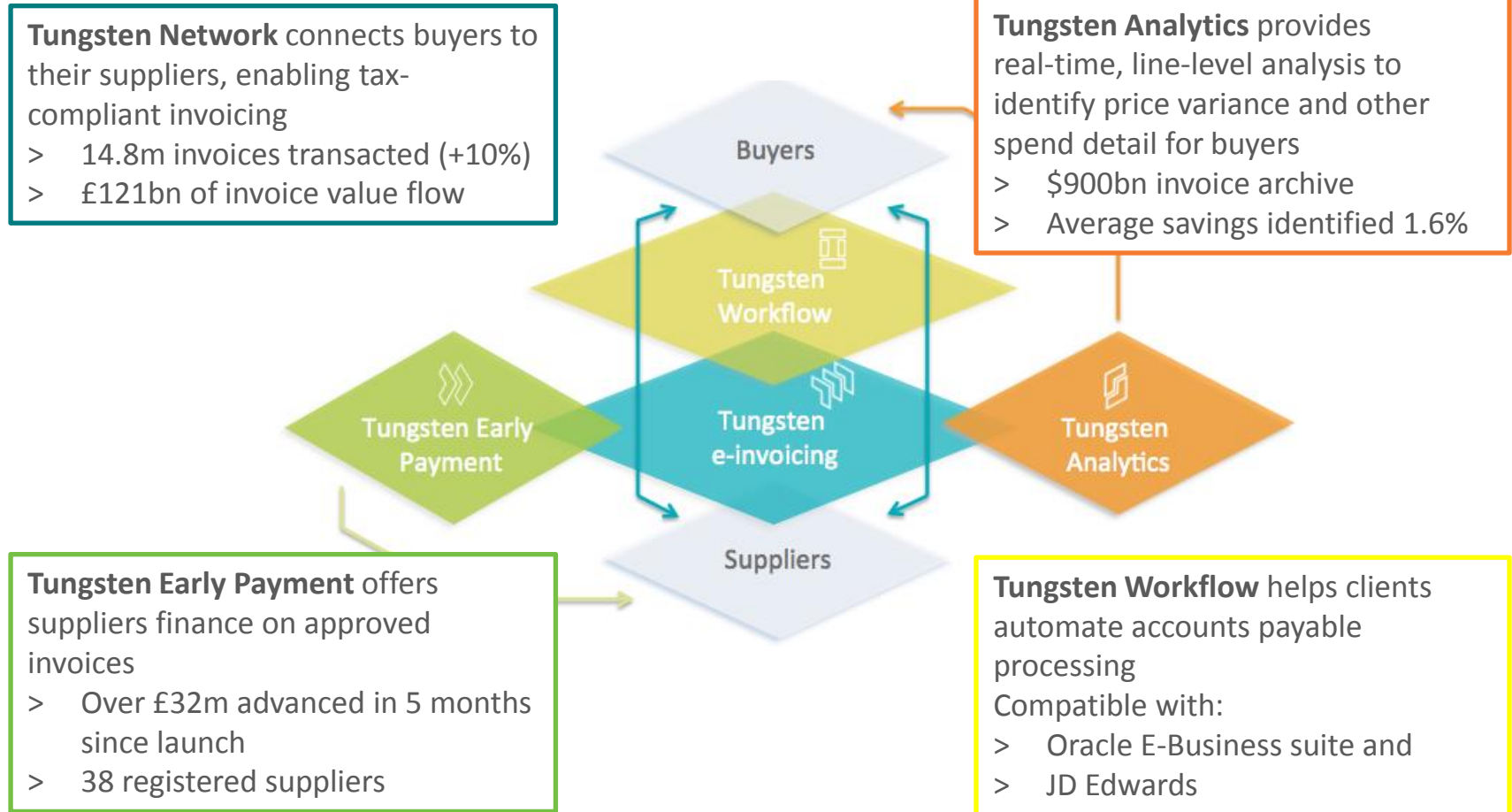
Q&A

Rick Hurwitz, Chief Executive Officer

David Williams, Chief Financial Officer



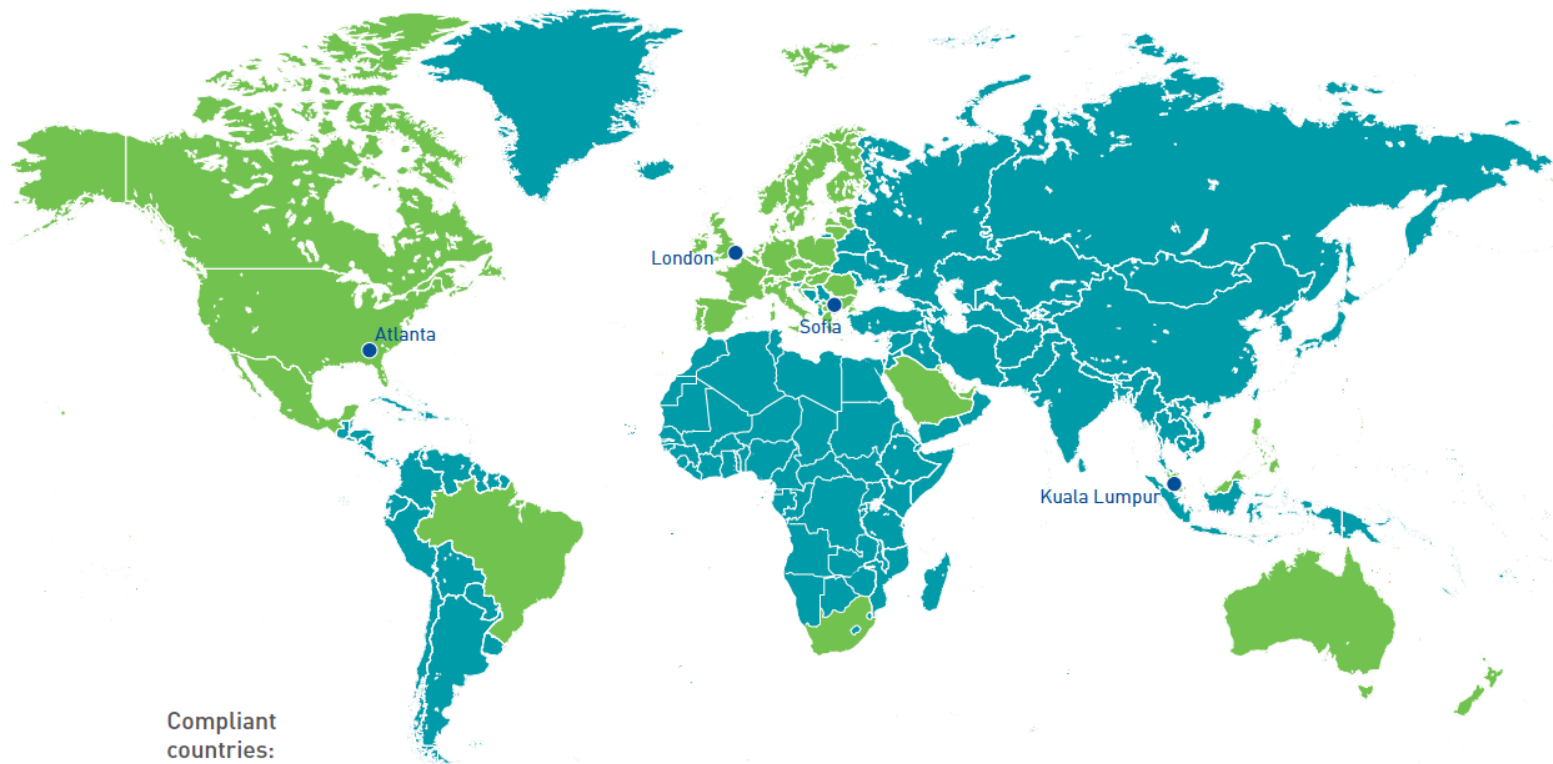
Our Vision – Connecting Buyers and Suppliers



Tungsten Corporation transforms the world's supply chains by connecting buyers and suppliers through its global e-invoicing network, enabling better buying decisions through line-level spend analysis, and providing automated invoice financing.

Growing Worldwide Compliant e-Invoicing Footprint

■ e-invoicing compliant countries
 ■ e-invoice data transfer enabled countries*
 ● Location of key operations



Compliant countries:

- | | | | |
|----------------|------------------|-------------|--------------------------|
| Australia | France | Luxembourg | Romania |
| Austria | Germany | Malaysia | Singapore |
| Belgium | Greece | Malta | Slovakia |
| Brazil | Hong Kong | Mexico | Slovenia |
| Bulgaria | Hungary | Netherlands | South Africa |
| Canada | Ireland | New Zealand | Spain |
| Croatia | Italy | Norway | Sweden |
| Cyprus | Kingdom of Saudi | Philippines | Switzerland |
| Czech Republic | Arabia | Poland | Turkey |
| Denmark | Latvia | Portugal | United Arab Emirates |
| Estonia | Liechtenstein | Puerto Rico | United Kingdom |
| Finland | Lithuania | Qatar | United States of America |

**Please note: Tungsten Network provides a Commercial Invoice Data Transfer Service in all other countries unless government embargo or other legal or local restrictions apply.*

