

Trading Update

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Tungsten Corporation PLC
20 July 2020

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TUNGSTEN CORPORATION PLC

("Tungsten" or the "Company")

TRADING UPDATE FOR FINANCIAL YEAR ENDED 30 APRIL 2020

Tungsten Corporation plc (AIM: TUNG), a leading provider of digital financial management products and software solutions, issues the following trading update ahead of the announcement on 7 September 2020 of its full-year results for the year ended 30 April 2020.

- Group revenue grew 2% to £36.8 million; excluding Tungsten Network Finance¹ (TNF), revenue grew 3% to £36.3 million
- 93% of revenue was repeatable and recurring, up from 92% in FY19
- Net cash² of £3.2m compares with £1.0 million reported at the half year. Positive full year cash generation of £0.4 million driven by strong working capital management
- Adjusted EBITDA³ for FY20 expected to be broadly in line with market guidance
- New sales billings⁴ of £4.0 million were flat to prior year, although the second half run rate accelerated by 35% following our investments to strengthen our sales capabilities
- Resilient response to COVID-19 global pandemic
- Successful wind down of the TNF portfolio in June 2020, in line with market expectations

We have broadened our range of partnerships in the last 4 months as we expand our sales routes to market and approach:

- In July we concluded our largest ever single partnership agreement with a leading US bank. This has the potential to deliver e-invoicing volumes of up to 2.5 million invoices from up to 28 new AP buyers, who in turn will release up to 40,000 new AP suppliers onto our platform. This could significantly expand our active AP buyer portfolio
- In April we completed a successful technical integration with Coupa Software Inc.'s CoupaLink platform; we are now fully certified as a CoupaLink e-invoicing partner
- Our exclusive supply chain finance partnership with Orbian has now become revenue generating following an agreement with a major UK retailer to access their supplier base

We further strengthened the executive team with the appointment of a new Chief Financial Officer, Chief Commercial Officer and Chief Sales Officer. In addition, Nick Wells, Co-Head of Corporate Finance at Cenkos Securities, joined the Board as a Non-Executive Director.

Update on COVID-19

Tungsten has had a resilient response to the COVID-19 global pandemic, sustaining a 5% transaction volume increase over FY20. In March, we disclosed that we had been contacted by a number large buyers who were looking to increase their electronic invoice volumes as part of their response to the pandemic. These inquiries led to an increase in volumes for some of these buyers in March and early April, although we have subsequently seen a reduction in overall run rates over the last 3 months of lockdown. In June our run rate

has recovered closer to the pre-COVID-19 volumes, and assuming this trend continues, our expectation is that invoice volumes will recover to normalised run rates by the end of the first half of the year. We remain comfortable with external forecasts for FY21 on the basis that transaction run rates recover in line with our expectations.

Whilst any future impact from COVID-19 remains highly uncertain, our business model remains resilient. We have traded profitably in the first 2 months of the new financial year and continue to manage cashflow carefully. As a precautionary measure, on 25 March 2020 we drew down on a further £1.0 million of our RCF, although this additional drawdown has, so far, been unutilised. We have a further £2.0 million of undrawn committed RCF availability.

[Andrew Lemonofides, Chief Executive Officer of Tungsten Corporation plc, said:](#)

"In this year of transformation for Tungsten, we have delivered a resilient performance in response to a challenging business environment. Our continued focus on sales execution has driven good billing momentum in the second half, as we have invested in building out our capabilities and delivering on our strategic objectives. We maintained strong expense management and achieved positive cash generation, which positions the business well for future growth.

"Trading in the beginning of the new financial year has been positive despite transaction run rates being impacted by COVID-19. We remain confident in the structural, long-term, growth opportunity in the e-invoicing market and in Tungsten's leading position within it.

"Finally, we thank all our customers, suppliers and employees for their dedication and commitment in what has been a challenging year".

1 Tungsten announced its intention to divest Tungsten Network Finance, its legacy trade finance division, ("TNF") on 30 April 2019

2 Net cash is calculated as cash and cash equivalents on the balance sheet less drawings under the HSBC Revolving Credit Facility

3 Adjusted EBITDA is defined as operating profit before other income, depreciation, amortisation, gain or loss on sale, foreign exchange gain or loss, share-based payments charge and exceptional items

4 New sales billings represents implementation, subscription, licence, transaction and professional services fees to be billed in the period from new sales made in that period. Implementation and subscription fees are recognised to revenue over the 6 months and 12 months respectively from billing month. Subscription licence and transaction fees are recognised in the month sold. Professional services fees are recognised on work completion milestones

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[About Tungsten Corporation plc](#)

[Tungsten Corporation](#) (LSE: TUNG) is the world's largest, compliant business transaction network. A leading global electronic invoicing and purchase order transactions network, Tungsten's mission is centred on enabling a touchless invoice process allowing businesses around the globe to gain maximum value from their invoice process.

Tungsten processes invoices for 74% of the FTSE 100 and 71% of the Fortune 500. It enables suppliers to submit tax compliant e-invoices in 50 countries, and last year processed transactions worth £195bn for organisations such as Caesars Entertainment, Computacenter, GlaxoSmithKline, Kraft Foods, Mohawk Industries, Mondelēz International, Procter & Gamble, Shaw Industries, Unilever and the US Federal Government.

Founded in 2000 and headquartered in London, Tungsten has offices in the US, Bulgaria and Malaysia, employing over 300 people.

[Forward looking statements](#)

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.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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