TUNGSTEN CORPORATION PLC

("Tungsten", the "Company" or "Group")

22 July 2019

RESULTS FOR FINANCIAL YEAR ENDED 30 APRIL 2019

£m[1]	Group results (including TNF)		Group results (excluding TNF) [2]	
	FY19	FY18	FY19	FY18
Revenue	36.0	33.7	35.4	33.3
Adjusted operating expenses [3]	(33.5)	(36.0)	(31.0)	(34.3)
EBITDA [4]	0.6	(4.6)	2.5	(3.3)
EBITDA margin [5]	*2%*	*(14%)*	*7%*	*(10%)*
Operating loss	(5.2)	(12.1)	(2.6)	(10.5)
Loss for the year	(3.4)	(11.9)	(0.6)	(10.1)
Cash – net	2.8	6.4	2.6	5.8
Transaction volumes [6]	18.2	17.7	18.2	17.7

Financial Highlights [7]

- First annual EBITDA profit of £2.5 million in FY19 (FY18: £(3.3) million EBITDA loss)
- Revenue growth of 6.1% to £35.4 million in FY19 (FY18: 7.1%)
- Recurring and repeatable revenue [8] contributed 92% of Group revenue (FY18: 90%)
- Reduction in adjusted operating expenses by 10% to £31.0 million (FY18: £34.3 million)
- Loss for the year £0.6 million (FY18: £10.1 million)
- Cash generated in H2-FY19 of £0.8 million (net of RCF drawdown) with net cash of £2.8 million at 30 April 2019 (31 October 2018: £2.0 million). £6.8 million total liquidity available
- Including TNF, EBITDA profit of £0.6 million, revenue growth of 7.1%, adjusted operating expenses reduced by £2.5 million and the loss for the year was £3.4 million

Operational Highlights

- Total transaction volumes increased by 0.5 million transactions to 18.2 million (FY17: 17.7 million)
- Six new e-invoicing and three new Workflow sales representing a new sales billings[9] of £1.0 million
- Average revenue per Buyer increased to £197k per Buyer (FY18: £180k)
- Completed investment in moving Tungsten Network platform into the cloud
- Launch of three enhanced offerings; Total AR, Total AP (including IDC and PO services) and Workflow 5.0
- Initiation and delivery of an Operating Review with extensive Board and Management restructuring
- Redefined value proposition and restructuring of sales and marketing teams to complement this new focus

(1) All % movements stated are calculated on absolute values to the nearest £1
(2) Tungsten announced its intention to divest Tungsten Network Finance ("TNF") on 30 April 2019. Results presented excluding TNF to aid future comparability
(3) Adjusted operating expenses exclude cost of sales, other income, interest, tax, depreciation, amortisation, foreign exchange gains or losses, loss on disposal of assets, share-based payments charges and exceptional items
(4) EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, loss on disposal of assets, foreign exchange gain or loss, share based payment expense and exceptional items. The most directly comparable IFRS measure to segment EBITDA is operating loss for the period. Management utilises EBITDA to monitor performance as it illustrates the underlying performance of the business by excluding items management consider to be not reflective of the underlying trading operations of the Group or adding items which are reflective of the overall trading operations, as applicable.
(5) EBITDA margin is calculated as EBITDA as a percentage of revenue
(6) Transaction volumes are measured as the total number of invoices and purchase orders delivered between a Supplier and Buyer
(7) Excluding TNF
(8) Recurring revenue represents annual subscription and maintenance fees on contracts typically ranging from 1 to 3 years and billed annually in advance. Repeatable revenue represents transaction-based fees from contracted customers, typically billed at the point of usage or at the end of the month of usage
(9) 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

(10) A Buyer is defined a contracting party for the use of Tungsten's AP e-invoicing or Workflow products

FY20 Outlook

- Delivering results on our re-defined three-pronged strategic focus to increase sales and continue sales momentum:
    - *Driving the Network effect: introducing Total AR*
    - *Strategic partnerships with e-procurement providers to provide an additional channel to market*
    - *Connecting with other platforms to improve automation, customer service and user experience*
- Revenue growth excluding TNF to accelerate from 6.1% in FY19, through the continuation of recurring and repeatable revenue and a 100% increase in new sales billings.
- New sales billings are expected to be weighted to the second half of FY20 as pipelines are grown, with resultant revenue impact spread over FY20 and FY21.
- Low double digit EBITDA [9] margin attained through continued cost discipline, coupled with revenue growth.

(11) EBITDA to be presented as adjusted for changes in accounting standards, notably IFRS 16, to aid year-on-year comparability

Tony Bromovsky, Executive Chairman

"Since becoming Chairman in October 2018, and Executive Chairman in February 2019, the Company has undergone a period of fundamental change and transformation, with the sole purpose of generating sales leads, operational efficiency and future scalability. These changes are already generating positive momentum, with an EBITDA profit in FY19, which is a dramatic turnaround from the losses of prior years.

We launched our Operating Review in the second half of FY19 and following this, we have a clearer understanding of the market we serve, what we bring to it and also how to be the best at what we do. With a redefined strategic vision, new management team including CEO, a major overhaul of our operations and the creation of a re-energised sales and customer service team, the coming year will be about demonstrating the continuation of this momentum.

The Board continues to have confidence in the Tungsten suite of solutions and offerings, and I believe that the business is now well positioned, following a period of transformation, to achieve future growth and profitability."

David Williams, CFO and Interim CEO

"Following the operating review and the establishment of our restructured executive team, we expect to continue to deliver network growth through our three strategic aims, being the roll out of our Total AR solution, expanding our partner ecosystem to e-procurement players and improving our connectivity with other platforms to enhance efficiency and deliver better customer service.

We believe our refocused value proposition and offering is clear and provides us with confidence that we can deliver sales momentum across all our offerings. Although our sales cycles are relatively long, typically more than six months, we expect to increase our conversion rate in FY20 and double new sales billings from the £4 million achieved in FY19."

Statutory Accounts and Analyst Presentation

The Group's statutory accounts will be available today on the Tungsten website at http://www.tungsten-network.com/uk/about/investor-relations/downloads-reports/.

Tony Bromovsky, Executive Chairman, and David Williams, CFO and Interim CEO, will today host a conference call at 9.00am UK time. The dial-in number for the conference call is +44 20 3713 5011 / +1 (312) 757-3117 with the access code 148-278-133 and available online at https://global.gotomeeting.com/join/148278133 with the password 'Tungsten'. A presentation will be available on the Tungsten website at http://www.tungsten-network.com/uk/about/investor-relations/downloads-reports/.

Enquiries

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About Tungsten Corporation plc

Tungsten Corporation (LSE: TUNG) aims to be the leading global electronic invoicing and purchase order transactions network.

Digital invoicing processes enable large businesses to reduce costs and effectively manage their businesses. They can improve business agility by creating scalable and repeatable growth processes, managing their cash effectively and making better decisions based on a comprehensive analysis of their data.

Tungsten Network processes invoices for 74 percent of the FTSE 100 and 71 percent of the Fortune 500. It enables suppliers to submit tax compliant e-invoices in 50 countries, and last year processed transactions worth over £173bn for organisations such as Caesars Entertainment, Computacenter, GlaxoSmithKline, Kraft Foods, Mohawk Industries, Mondelēz International, Procter & Gamble, Shaw Industries, Unilever and the US Federal Government.

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 Regulation (EU) No 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Chairman's Statement

I am pleased to present these, our FY19 results. The last year has been a period of substantial change for the Group following both significant Board and management changes, the launch and implementation of the Operating Review, and the resultant redefinition of Tungsten's strategy. The significantly improved financial and operational performance in the second half of FY19, recording EBITDA profitability and cash flow generation for the first time, is evidence that the changes and new focus are starting to take effect and deliver the expected results. We are now well positioned for growth in FY20 and beyond.

Both I and the rest of the Board are delighted that, after an extensive and rigorous search process, Andrew Lemonofides will join us in September 2019 as our new Chief Executive Officer. Andrew will bring the required drive and strategic oversight to implement our new strategic focus, to improve operational functionality and also to expand our global footprint. After a suitable integration period, my intention is to revert back to the role of Non-Executive Chairman.

On behalf of the Board, I wish to record our gratitude to all our employees for their efforts throughout the year in continuing to deliver for our shareholders and customers.

Redefining Tungsten's Purpose

The Operating Review, initiated by the new Board in December 2018, has been deep, detailed and far reaching. It has proved, and continues to prove, to be highly transformative in how we do business. We have already seen significant positive effects since the April 2019 update, and we expect continued positive contributions to both financial and operational performance in the future. The key areas to highlight are as follows:

Driving the Network effect: introducing Total AR

The launch of our Total AR solution is a key enabler in Tungsten becoming the invoice delivery platform of choice for current and new Suppliers on our global Network. This Total AR solution allows the delivery of 100% of sales invoices to any customer of the Supplier - both on and off our Network – in an expedient, secure and automated manner. Utilising the functionality of the Tungsten Network platform, coupled with our expanding interconnectivity with other platforms, our Total AR customers will now have all invoices delivered across our platform to all of their customers in any form that their customers require. We have now entered into a formal agreement with Data Interconnect to be our Total AR partner.

With Total AR as a core solution, we can now offer both non-network Buyers and Suppliers the ability to enhance their services by integrating with the Tungsten Network platform to send and receive compliant, validated invoices; creating the network effect. We have established a dedicated AR sales team to capitalise on this opportunity.

Strategic partnerships with e-procurement providers to provide an additional channel to market

Our core proposition remains the delivery of a best-in-class, digital, cross-border, tax compliant e-invoicing and adjacent services proposition. However, we can expand our reach and scalability by partnering with leading e-procurement providers. These e-procurement providers have been successful in generating and winning full service procure-to-pay tenders from companies who would be a typical Tungsten Buyer. Invoice digitisation and automation is increasingly becoming a requirement of any wider procure-to-pay tender, along with e-procurement, and is less frequently a standalone solution.

We know we lead the competition in relation to e-invoicing, and to participate in a procure-to-pay tender we will need to partner with these e-procurement providers. In this way, we would expect partnerships to provide us with a valuable sales channel for opportunities which may not have been available to us previously. We are already in discussions with various e-procurement partners.

Connecting with other platforms to improve automation, customer service and user experience

We are committed to increasing interconnection and interoperability with other platforms where connectivity will increase efficiency and scope of our delivery and service levels for our customers. Interconnection (allowing the passage of invoice data) and interoperation (full integration) alters Tungsten's previous requirement of only allowing invoices validated by us to flow through our Network. Our customers increasingly want to source and receive all their invoices without the friction of multiple solutions. By building connectivity to other select platforms, we can capture 100% of the flow of inbound and outbound invoices, regardless of source or form, whilst maintaining our high standards of compliance and validation.

We see upside in relation to transaction volumes through the platform, provision of a better customer experience and other customer benefits in the form of analytics and trade finance.

Continuous improvements in day-to-day operations

Following the Operating Review, we have focused our efforts on the following improvements in day-to-day operational matters:

Divestment of non-core business - As part of the Operating Review, at the end of FY19 we announced our intention to divest our trade finance business and are happy to say that the sale process is progressing well. This divestment will allow us to focus on our core propositions and grow our invoicing business, although we are not abandoning trade finance. Instead we believe that we can provide this more effectively and on a larger scale through an exclusive partnership with a leading global provider.

Curtailing ineffective expenditure - We continue to focus on cost efficiency, capital allocation discipline and margin optimisation and creation, aligned to our disciplines in operational rigour and effectiveness. After a period of rebasing our spending, specifically in relation to head office costs, remuneration and advisor spend, we believe we have the right structure to move forward to deliver growth in EBITDA margin. Further cost savings will be delivered by automation of processes which will be made possible by continued investment in our platform.

A restructured executive team - We have restructured the Executive Committee, welcoming our new Chief Revenue Officer, Steve Standring and recently appointing our new CEO, Andrew Lemonofides. We have also gone through a period of internal reorganisation, specifically in the areas of product, sales and marketing, so that our business units and commercial departments are now aligned with the new management team and will provide improved accountability and functionality.

A new approach to sales - Steve Standring will be responsible for driving our global offering across both AR and AP e-invoicing and developing our partner ecosystem. Steve has significant knowledge of the market and sector, having more than two decades of experience. He will be central to driving forward our expanded value proposition. We are already seeing an increase in pipeline opportunities and tender activity.

Investment in the platform - One of the key developments in FY19 was the completion of the migration of core technology to the Cloud in order to provide a safer and more efficient infrastructure. We removed many years of legacy software by implementing a new core invoice processing platform, designed to accommodate far greater transaction volumes.

Compliance and regulatory changes - In FY19 we saw the regulatory landscape change with an increased focus on automation and regulation requiring e-invoicing. In Italy, tax authorities introduced mandatory e-invoicing submission for tax purposes, and we made the strategic decision to invest in developing the Tungsten Network platform, so it was able to provide these compliant services. We see this move to electronic submission as a recurring global trend. Our development and investment in this area means we will be well positioned to lead compliance as other governments across the world move towards electronic submission.

Launch of new products and services or enhancements to existing offerings - In the past year we launched a new version of our workflow tool, improvements to our Invoice Data Capture product and a launch of a comprehensive Purchase Order offering. Purchase Order services now provide an automated tool for the sending of electronic purchase orders which can be updated, accepted or rejected with electronic notifications of changes exchanged between the Buyer and Supplier. This is an important adjacent service which will both increase customer service and the efficiency and speed of settlement.

Aligning remuneration with delivering customer and shareholder value

A key part of the Operating Review was to assess whether existing relationships were aligned with delivering long-term value for customers and shareholders. It was quickly concluded by the Committee and myself, supported by the advice of external specialists and discussions with shareholders, that the remuneration packages, including bonus and share structures in place, were not aligned – and therefore we have implemented changes such as a redesigned annual bonus with a deferred share element and clear performance criteria, and proposing other changes through the 2019 remuneration policy, such as the introduction of LTIP plans for senior management.

Moving into FY20

I feel that the business opportunity ahead of us is more significant than it has even been and it is gratifying to be able to report the early successes that we have had in redefining our strategic focus, the effectiveness of our operations and service delivery and ongoing investment in the platform. We are building a momentum which is showing positive and tangible results.

Tony Bromovsky
Executive Chairman

22 July 2019

Executive Committee's Review

Under the purview of a new Board, we have redefined the true purpose of Tungsten. We have looked in detail at what we are good at, how we add value to our customers and how this can be monetised. Put simply, we believe that we are the world's leading electronic invoicing company, delivering market-leading solutions to large, complex and global enterprises.

Tungsten excels at processing and delivering invoices from one accounting system directly into another accounting system. Our services provide our customers quicker and more accurate information than manual methods, which in turn gives them greater visibility and more immediate control over their working capital. We also automate the validation of invoice data, which facilitates compliance with a myriad of global tax regulations and also comfort that each invoice meets the relevant requirements of the commercial agreement between the parties. We believe this essentially eliminates the possibility of a company losing money through fraud or human error. This is what Tungsten does best.

With the renewed focus on delivering a complete invoicing service, we announced the proposed disposal of our trade finance operations, Tungsten Network Finance, on 30 April 2019. While we see trade finance as an important and complementary service to our core offering, we believe that we can continue to service our customers in this area through a partnership agreement rather than in-house. At this date, the sale process is ongoing, and we have presented our results for FY19 both including and excluding our trade finance operations.

Go-to-market strategy

Following the study that we commissioned from a leading research and consulting firm to review our market and customers, we have solidified our view that customers want a solution which is global and spans each stage of the invoice cycle. Therefore, we have changed our go to market strategy to present a Total AP e-invoicing offering, which combines our well-established e-invoicing offering with our IDC product, which digitalises paper and pdf invoices. This provides the customer with better, more complete analysis and stronger controls over the entire process.

In line with this, we also provide Total AR, which can deliver all of the invoices our Suppliers issue to any customer they have, therefore expanding our service from only those invoices which were being delivered through the Tungsten Network platform. This provides a complete AR offering which we believe is sought after in the current market.

Moving into FY20, we expect to increase our h ecosystem by working with those who can complement our services and further improve our offering, specifically in e-procurement. These partners will be targeted to those who can assist with our integration with other networks, vendor management and e-procurement as well as Data Interconnect, our Total AR partner.

Customer base

92% of our FY19 revenue was from customers under contract, of which 54% is from upfront annual and maintenance fees (recurring) with the balance from usage related transaction fees (repeatable). The remaining 8% is from one-off implementation, licence and professional services fees. In FY19 we added to our revenues by making total new sales billings of £4.0 million (excluding TNF), representing year-one billings for new services sold to current and new buyers. £2.7 million of this was recognised in FY19.

In FY19 we grew our customer base by signing six new buyers to our AP e-invoicing solution (three new customers and three sales to new parts of existing Buyers) and three new Workflow sales to current customers, which in total contributed £0.9 million in new revenue in FY19 and £1.8 million of contracted revenue over a 3-year period. This reflected a similar number of new wins to FY18 and thus was significantly below our expectations which had been set at the beginning of the year.

Five e-invoicing Buyer customers, that contributed £0.1 million of revenue in FY18, and three workflow customers, that also contributed £0.1 million of revenue in FY18, chose not to renew their contracts and have left the Network. However, more than offsetting this loss was the retention of 38 customers who renewed their agreements, primarily for a further three years and we successfully achieved price increases on 18 of those customers by an average of 20%, contributing additional recurring revenue of £0.3 million during FY19.

We onboarded 750 new suppliers during the year, which contributed £0.4 million of new supplier revenue in FY19 (FY18: £0.6 million). This was 63% of the sales volume we converted in FY18 and therefore disappointing in light of the opportunities in our Supplier ecosystem.

Therefore, moving into FY20, we have made fundamental changes to defining our value proposition, our route to market and also to how we organise ourselves internally, with the goal of increasing our conversion rates and ultimately our new revenue volumes.

Investing in the platform

Our platform strategy is two-fold – to remain relevant, modern and efficient but also to adapt to the changing regulatory and compliance landscape. Total spend on products and technology in FY19 decreased to £12.8 million (FY18: £17.2 million) as we prioritised completion of core initiatives or developments.

Following the successful investment in transitioning the primary technical infrastructure into the cloud and rebuilding core transaction processing capabilities, FY19 saw a number of products launching, with the most significant being our new Total AR solution, enhanced PO services and Workflow 5.0 products

Total AR: FY19 saw investment to enable the Tungsten Network platform to be a digital post box for 100% of a Supplier's outgoing sales invoices. This allows the Supplier to raise invoices within their own ERP system, ensuring that they have all of the required data for their own reporting, tax and otherwise, whilst ensuring that the invoice data can be easily and efficiently transmitted to their Buyer to ensure prompt payment.

Purchase Order services: as part of our focus on increasing user experience and increasing the value proposition of our products and services, we launched our newly enhanced capabilities allowing for digital delivery of purchase orders, conversion to e-invoices and acknowledgement of changes and updates. We believe that this will improve visibility and efficiency to both Buyers and Suppliers and will accelerate the take up of this product in FY20 and beyond.

Workflow 5.0: Workflow automates accounts payable processes, enabling incoming invoices to be automatically routed, coded, matched, approved and posted into our customers' ERP systems via an integrated connection. This has been a Tungsten offering since 2014 and this latest version introduces a range of new features, such as new reporting tools and a new UX and UI. It was launched in January 2019 and is now being used or installed at seven of our existing customers. We believe that the added functionality and mobile usage will make it more of a compelling proposition to both existing and new customers.

Security remains a key priority and we have recently added increased security measures, such as multi-factor authentication to our sign in process and additional configuration to increase our geographical reach to be tax compliant in Bahrain and the French Overseas Territories.

In FY19, development to adapt to changing legislation became of critical importance as we invested in the Tungsten Network platform in order to be ready to continue to provide compliant services in Italy. The Italian tax authorities introduced the requirement for mandatory submission and collection of all invoices to a government portal. We chose to be one of the first to provide a compliant solution as we wanted to support our existing customers but also, we anticipate that submission to tax driven mandated digital platforms is a trend which will spread globally. Our internal investment in order to comply was over £1.0 million in FY19, yet we expect resultant revenues to be significantly more than this and puts us in the position to be a market leader in other jurisdictions where there are similar changes, as we have the experience which can be adapted to different countries as needed. In Italy in FY19, we transacted half a million invoices with new and current customers to and from the government's platform and we would expect this number to grow in FY20. This development success also demonstrates our ability to interconnect with government platforms and provide our customers with a fully compliant service against a backdrop of changing regulation.

Moving into FY20, we are refreshing the UX of our customer portal, investing in the technology to provide self-service on-boarding for Suppliers as well as improving the speed, ease and efficiency of Supplier assisted on-boarding. The FY20 road map is focused on increasing the customer experience with the aim of growing the customer ecosystem but also improving retention rates.

Financial results

Revenue in FY19 increased by 7.1% to £36.0 million (FY18: £33.7 million). Excluding the results of TNF, revenue was £35.4 million (FY18: £33.3 million) which represented a 6.1% growth. The growth in revenue reflects the net benefits of new customer sales, additional product sales to current customers, and existing customer price increases. Overall, growth was slower than both expectation and FY18 performance, as we under-performed in signing and onboarding new Buyer and Supplier customers and the take up of new products were also lower than expected.

FY19 returned an EBITDA profit of £0.6 million (FY18: (£4.6) million loss) and excluding TNF, this increases to £2.5 million (FY18: (£3.3) million loss), an improvement of £5.8 million. This significantly improved EBITDA performance reflects continued detailed focus on our cost base and provides us with a good basis for moving into FY20.

Operating and statutory losses for the year were £5.2 million and £3.4 million, respectively (FY18: (£12.1 million loss and £11.9 million loss, respectively).

Coupled with our move into EBITDA profitability, we were also cash generative in the second half of the year, generating cash flows of £1.9 million, to retain net cash of £2.8 million at the end of FY19. Gross cash at the end of FY19 was £3.8 million, reflecting the drawing of £1.0 million of our £4.0 million RCF.

Outlook

In FY20, we will focus on delivering results on our re-defined three-pronged strategic focus to increase sales and continue sales momentum:

- *Driving the Network effect: introducing Total AR*
- *Strategic partnerships with e-procurement providers to provide an additional channel to market*
- *Connecting with other platforms to improve automation, customer service and user experience*

Revenue growth (excluding TNF) is expected to accelerate from 6.1% in FY19, through the continuation of recurring and repeatable revenue and a 100% increase in new sales billings.

New sales billings are expected to be weighted to the second half of FY20 as pipelines are grown, with resultant revenue impact spread over FY20 and FY21.

Low double digit EBITDA [(1)] margin attained through continued cost discipline, coupled with revenue growth.

(1) EBITDA to be presented as adjusted for changes in accounting standards, notably IFRS 16, to aid year-on-year comparability

David Williams
CFO and Interim CEO

Chief Financial Officer's Review

Income statement

£m	Group		Group (excl TNF)[(1)]	
	FY19	FY18	FY19	FY18
Revenue	36.0	33.7	35.4	33.3
Cost of sales	(1.9)	(2.3)	(1.9)	(2.3)
Gross profit	34.1	31.4	33.5	31.0
Gross margin [(2)]	*94.7%*	*93.2%*	*94.6%*	*93.0%*
Adjusted operating expenses[(3)]	(33.5)	(36.0)	(31.0)	(34.3)
EBITDA [(4)]	0.6	(4.6)	2.5	(3.3)
EBITDA margin [(5)]	*2%*	*(14%)*	*7%*	*(10%)*
Other operating expenses	(5.8)	(7.5)	(5.3)	(7.2)
Operating loss	(5.2)	(12.1)	(2.8)	(10.5)
Net finance income / (costs)	(0.1)	(0.6)	0.1	(0.4)
Loss before taxation	(5.3)	(12.7)	(2.7)	(10.9)
Taxation	1.9	0.8	1.9	0.8
Loss for the year	(3.4)	(11.9)	(0.8)	10.1

(1) Tungsten announced its intention to divest Tungsten Network Finance ("TNF") on 30 April 2019. Results presented excluding TNF to aid future comparability
(2) Gross margin is calculated as gross profit as a percentage of revenue
(3) Adjusted operating expenses exclude cost of sales, other income, interest, tax, depreciation, amortisation, foreign exchange gains or losses, loss on disposal of assets, share-based payments charges and exceptional items
(4) EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, loss on disposal of assets, foreign exchange gain or loss, share based payment expense and exceptional items. The most directly comparable IFRS measure to segment EBITDA is operating loss for the period. Management utilises EBITDA to monitor performance as it illustrates the underlying performance of the business by excluding items management consider to be not reflective of the underlying trading operations of the Group or adding items which are reflective of the overall trading operations, as applicable
(5) EBITDA margin is calculated as EBITDA as a percentage of revenue

Revenue

£m	FY19	FY18	% Movement[(1)]
Recurring revenue [(2)]	19.0	17.5	8.1%
Repeatable revenue [(3)]	13.5	12.6	7.1%
Total recurring and repeatable revenue	32.5	30.1	7.7%
Other revenue [(4)]	2.9	3.2	(8.7)%
Tungsten Network total revenue	35.4	33.3	6.1%
TNF revenue [(5)]	0.6	0.4	96.9%
Group revenue	36.0	33.7	7.1%

Recurring revenue % of total Tungsten Network revenue(6)	54%	53%
Total recurring & repeating revenue % of total Tungsten Network revenue(7)	92%	90%

(1) Revenue is shown to the nearest £0.1 million. Movement is calculated on figures to the nearest £1.
(2) Recurring revenue represents annual subscription and maintenance fees on contracts typically ranging from 1 to 3 years and billed annually in advance
(3) Repeatable revenue represents transaction-based fees from contracted customers, typically billed at the point of usage or at the end of the month of usage
(4) Other revenue represents implementation, modification and professional services fees, billed either in advance or on completion of project stages
(5) TNF revenue relates to revenue generated by the trade finance business announced for disposal but not treated as an asset held for disposal at the end of FY19
(6) Recurring revenue is revenue from annual subscription and maintenance fees as a % of revenue excluding TNF
(7) Recurring and repeatable revenue is total recurring and repeatable revenue as a % of revenue excluding TNF

Revenue excluding TNF for the year was £35.4 million (FY18: £33.3 million), representing an increase of 6.1%. The growth in revenues reflected the net benefits of new customer sales, additional product sales to current customers, and existing customer price increases. Revenue including TNF for the year was £36.0 million (FY18: 33.7 million), representing an increase of 7.1%.

Total new sales billings excluding TNF in FY19 were £4.0 million, representing year-one billings for new services sold to current and new buyers. £2.7 million of this was recognised in FY19, with the balance of £1.3 million to be recognised in FY20.

Recurring revenue increased by £1.5 million or 8.1% to £19.0 million (FY18: £17.5 million) due to a combination of six new Buyer sales (three new customers and three sales to new parts of existing Buyers) and three new Workflow sales to current customers which contributed £0.9 million, and increased pricing in relation to renewing customers. Offsetting this was the loss of five e-invoicing Buyers in the year, which contributed a total £0.1 million of revenue in FY18, as well as a number of inactive suppliers. Three Workflow customers which contributed a total of £0.1 million of revenue in FY18 chose not to renew their maintenance contract in FY19.

Having started the year with 187 Workflow and e-invoicing Buyers, the additions, losses and merging of four customer contracts resulted in 179 Buyers at year end.

Repeatable revenue increased by £0.9 million of 7.1% to £13.5 million (FY18: £12.6 million) due to the 4 new Buyers contracted as well as an increase in volumes and pricing. Volumes increased partially due to the new compliance requirements in Italy requiring all suppliers of goods and services to submit invoices electronically through a government platform. This increased volume by half a million transactions in the year.

Other revenue decreased by £0.3 million or 8.7% to £2.9 million (FY18: £3.2 million) due to fewer set-up fees from new Buyer customers (FY19: 6 new Buyer set-up fees, FY18: 8 new Buyer set-up fees)

TNF revenue generated fees of £0.6 million in FY19 (FY18: £0.4 million), an increase of £0.2 million due to an increase in the average outstandings from £26.7 million in FY18 to £56.4 million in FY19.

Revenue by type of customer

Buyer revenues represented 43% of total Tungsten Network revenues in the 2019 financial year (FY18: 43%). Total Buyer revenues grew 4.8% to £15.2 million (FY18: £14.5 million). This reflected a growth in recurring and discretionary revenues of 6.8% (£0.8 million) and a fall in one-off revenues of 4.4% (£0.1 million).

Supplier revenues represented 57% of total Tungsten Network revenue in the 2019 financial year (FY18: 57%). Total Supplier revenues grew 7.2% to £20.1 million (FY18: £18.8 million). This reflected a growth in recurring and discretionary revenues of 8.3% (£1.5 million) and a fall in one-off revenues of 31.1% (£0.1 million).

Expenses

£m	FY19	FY18	Difference

Sales & marketing	(5.9)	(6.3)	0.4
Service Delivery	(7.8)	(7.7)	(0.1)
Technology & product	(10.0)	(9.8)	(0.2)
Finance, administration, Board & central overheads	(7.3)	(10.5)	3.2
Adjusted operating expenses (1)	(31.0)	(34.3)	3.3
Cost of sales	(1.9)	(2.3)	0.4
Tungsten Network Finance Expenses	(3.2)	(2.2)	(1.0)
Depreciation and amortisation	(4.0)	(2.8)	(1.2)
Loss on disposal of assets	(2.2)	-	(2.2)
Foreign exchange gain/(loss)	1.8	(1.4)	3.2
Share based payment expense	0.1	(0.6)	0.7
Exceptional items	(1.0)	(2.1)	1.1
Statutory operating expenses	(41.4)	(45.7)	4.3

(1) Adjusted operating expenses exclude cost of sales, other income, interest, tax, depreciation, amortisation, foreign exchange gains or losses, loss on disposal of assets, share-based payments charges and exceptional items

The Group's adjusted operating expenses reduced by 10% to £31.0 million (FY18: £34.3 million).

Sales and marketing expenses reduced by £0.4 million to £5.9 million. This primarily reflects reductions to ineffective marketing spend in the 2nd half of the financial year.

Service delivery and technology and products costs remained broadly flat year on year (marginal increases of 1% and 2% respectively). Finance, administration, Board & central overheads were reduced significantly, by a total of £3.2 million, or 30%, to £7.3 million. This primarily reflects reduced Non-Executive and Executive remuneration, fewer senior management positions and reduced professional adviser fees.

Statutory operating expenses decreased by £4.3 million or 9% to £41.4 million (FY18: £45.7 million). Key movements include:

- Foreign exchange gains: £3.2 million improvement to a gain of £1.8 million (FY18: £1.4 million loss) from the revaluation at year-end of monetary assets and liabilities denominated in foreign currencies.
- Share based payment expense: £0.7 million reduction reflecting the net reduction in outstanding options by 1.1 million options (FY18: net increase by 1.9 million options), primarily from exiting senior management.
- Exceptional items: £1.1 million reduction primarily as a result of £1.4 million lower provisions for onerous contracts in (FY19: £0.2 million; FY18: £1.6 million). Other exceptional items in FY19 reflected £0.6 million of professional advice, arising in particular from the requisition request for a General Meeting, as well as £0.2 million of restructuring costs.

Offset by:

- Tungsten Network Finance: £1.0 million increase in staff and related costs.
- Depreciation and amortisation: £1.2 million increase in amortisation as a result of the commencement of amortising software development costs incurred in FY18.
- Impairment of internally generated capitalised development: £2.2 million non-cash expense as a result of the decision to write-off the development work in relation to integration of CRM systems. £2.0m of these costs were incurred in FY18 and £0.2 million in FY19. Although the integration will continue, it will be using different technology and processes.

Loss before tax:

The Group generated a loss before tax excluding TNF of £2.7 million in the year (FY18: loss of £10.9 million). The improvement of £8.2 million reflects. Including TNF, the Group generated a loss before tax of £5.3 million (FY18: £12.7 million)

Taxation

The statutory Group loss for the year was £3.4 million (FY18: £11.9 million), an improvement of £8.5 million. A tax credit of £1.9 million (FY18: £0.8 million) includes a £1.5 million research and development tax credit (FY18: £0.3 million). £0.6 million of the FY19 charge related to FY17 expenditure, with a further £0.9 million relating to FY18 expenditure.

The Group has an unrecognised deferred tax asset of approximately £14.9 million that is available for offset against future tax expenses in the companies in which losses arise.

Funding and liquidity

Cash and cash equivalents at the end of FY19 were £3.8 million (FY18: £6.4 million). Net cash (including borrowings under the revolving credit facility) at the end of FY19 was £2.8 million (FY18: £6.4 million).

Cash Flow	FY19	FY18
Net cash flow from operating activities	£(0.3)m	£(8.0)m
Net cash flow from investing activities	£(3.3)m	£(7.6)m
Net cash flow from financing activities	£1.0m	£4.3m
Net movement in cash & cash equivalents	(£2.6)m	£(11.3)m
Exchange adjustments	-	£0.2m
Cash and cash equivalents at the start of the period	£6.4m	£17.5m
Cash and cash equivalents at the end of the period	£3.8m	£6.4m

The Group had a cash outflow in FY19 of £2.6 million, with cash and cash equivalents at the end of FY19 of £3.8 million. Excluding borrowings, cash was £2.8million. Liquidity, including £3 million of undrawn revolving credit facility with a maturity date of July 2021, was £6.8 million.

Cash flows from operating activities

Cash used in operating activities decreased by £7.7 million to £0.3 million (FY18:£8.0 million) due to lower operating losses and a decrease in trade receivables.

By excluding IFRS 15 adjustment, the movements in working capital generated an inflow of £0.4 million from an outflow of £1.8 million in FY18 as a result of our increased focus on cash collection in relation to receivables which resulted in a cash inflow of £1.8 million from a cash outflow of £1.8 million in FY18. Offsetting this was a cash outflow due to the decrease in trade payable of £1.4 million relating to the end of many of the Group's technology transformation and the resulting settlement of outstanding payables.

Cash flows from investing activities

Cash spent on investing activities decreased by £4.3 million (FY18: £7.6 million), reflecting the end of the significant FY18 internally generated software development projects, in relation to the transformation of the core transaction network and rollout of Salesforce.

Cash flows from financing activities

Cash flow from financing activities in FY19 relate to the partial draw down of the revolving credit facility entered into in July 2018 and drawn in November 2018. In FY18 a £4.3 million inflow resulted from the cessation of Tungsten using its own cash resources to finance Tungsten Network Early Payment invoices.

Analysis of H1 and H2 cash

Cash Flow	H1-FY19	H2-FY19	FY19
Net cash flow from operating activities	£(2.5)m	£2.2m	£(0.3)m
Net cash flow from investing activities	£(2.0)m	(£1.3m)	£(3.3)m
Net cash flow from financing activities	-	£1.0m	£1.0m
Net movement in cash & cash equivalents	£(4.5)m	£1.9m	(£2.6)m
Exchange adjustments	£0.1m	(£0.1)m	-
Cash and cash equivalents at the start of the period	£6.4m	£2.0m	£6.4m
Cash and cash equivalents at the end of the period	£2.0m	£3.8m	£3.8m

The FY19 movement in the Group's cash, excluding drawings from the RCF, was a £3.6 million outflow. This included a £4.4 million outflow in H1-FY19 (net of exchange adjustments), offset by a £0.8 million inflow in H2-FY19 (£1.9 million inflow, less £1.0 million drawings on the RCF, less £0.1 million exchange adjustments). The improvement by £3.6 million in cash flow net of RCF drawings and exchange adjustments in the second half of the financial year primarily reflected:

- An improvement in cash used in operations by £3.3 million, reflecting the increase in EBITDA in the second half; and
- An inflow from trade and other receivables of £1.0 million, reflecting improved trade receivable collection processes.
- A reduction in cash spent on investing activities decreased by £0.7 million from H1-FY19 to H2-FY19, reflecting the end of the significant FY18 capital projects, payments of which were partly settled in early FY19.

Capital expenditure

During the year, the Group spent £3.3 million on capital expenditure, being £0.4 million in relation to property plant and equipment, and £2.9 million in relation to internally capitalised software development. This compares to £7.6 million in total in FY18. Our significant internally generated software development expenditure was in relation to the development of new functionality and a more modern look and feel for our customer portal and updates to our core transaction processing software.

Loss per share

The basic and diluted loss per share was 2.66p (FY18: 9.45p).

Dividends

The Company has not paid, and does not propose to pay, a dividend in relation to FY19.

Post balance sheet event

On 30 April 2019, the Group announced a trading update on the decision to divest one of the business segments in the Group, Tungsten Network Finance.

The negotiations for the sale were ongoing and are anticipated to be agreed prior to 31 October 2019. As it will be determined by the sale price agreed and the structure of any sale, the financial effect cannot be reliably estimated at the time of signing the Annual Report.

David Williams
Chief Financial Officer

22 July 2019

Financial Statements
Consolidated income statement

	Note	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000
Revenue	2	36,045	33,663
Operating expenses		(41,256)	(45,746)
Operating loss		**(5,211)**	**(12,083)**
EBITDA[1]		**607**	**(4,647)**
Depreciation and amortisation		(4,103)	(2,813)
Loss on disposal of assets		(2,216)	-
Foreign exchange gain/(loss)		1,738	(1,547)
Share based payment expense		(244)	(647)
Exceptional items	3	(993)	(2,429)
Operating loss		**(5,211)**	**(12,083)**
Finance income		1,576	1,864
Finance costs		(1,650)	(2,468)
Net finance costs		**(74)**	**(604)**
Loss before taxation		**(5,285)**	**(12,687)**
Taxation		1,935	768
Loss for the year		**(3,350)**	**(11,919)**

Loss per share attributable to the equity holders of the parent during the year (expressed in pence per share):

Basic and diluted	4	(2.66)	(9.45)

1 EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, loss on disposal of assets, foreign exchange gain or loss, share based payment expense and exceptional items.

Financial Statements
Consolidated statement of comprehensive income

	Year ended 30 April 2019	Year ended 30 April 2018
	£'000	£'000
Loss for the year	(3,350)	(11,919)
Other comprehensive (expense)/income:		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(1,872)	1,423
Total comprehensive loss for the year	**(5,222)**	**(10,496)**

Items in the statement above are disclosed net of tax.

Financial Statements

Consolidated statement of financial position

	Note	As at 30 April 2019 £'000	As at 30 April 2018 Restated* £'000
Assets			
Non-current assets			
Goodwill	5	102,057	101,848
Intangible assets	5	18,733	21,549
Property, plant and equipment	6	2,506	2,646
Other receivables		187	464
Total non-current assets		**123,483**	**126,507**
Current assets			
Trade and other receivables		7,464	8,212
Invoice receivables		-	2
Cash and cash equivalents		3,810	6,418
Total current assets		**11,274**	**14,632**
Total assets		**134,757**	**141,139**
Non-current liabilities			
Deferred taxation		1,533	2,110
Provisions		1,568	1,459
Other payables		250	250
Total non-current liabilities		**3,351**	**3,819**
Current liabilities			
Trade and other payables		7,089	8,607
Provisions		158	759
Borrowings		1,000	-
Contract liabilities		6,816	6,493
Total current liabilities		**15,063**	**15,859**
Total liabilities		**18,414**	**19,678**
Capital and reserves attributable to the equity shareholders of the parent			
Share capital	7	553	553
Share premium	7	188,802	188,794
Merger reserve		28,035	28,035
Shares to be issued		3,760	3,760
Share-based payment reserve		6,538	6,442
Other reserves		(9,413)	(7,541)
Accumulated losses		(101,932)	(98,582)
Total equity		**116,343**	**121,461**
Total equity and liabilities		**134,757**	**141,139**

Financial Statements

Consolidated statement of changes in equity

Year ended 30 April 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	Shares to be issued £'000	Share-based payment reserve £'000	Other reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 May 2018	**553**	**188,794**	**28,035**	**3,760**	**6,442**	**(7,541)**	**(98,582)**	**121,461**
Loss for the year	-	-	-	-	-	-	(3,350)	(3,350)
Other comprehensive expense	-	-	-	-	-	(1,872)	-	(1,872)
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**(1,872)**	**(3,350)**	**(5,222)**
Transaction with owners in their capacity as owners:								
Issue of treasury shares to employees	-	8	-	-	-	-	-	8
Share based payment expense	-	-	-	-	96	-	-	96
Transactions with owners	**-**	**8**	**-**	**-**	**96**	**-**	**-**	**104**
Balance as at 30 April 2019	**553**	**188,802**	**28,035**	**3,760**	**6,538**	**(9,413)**	**(101,932)**	**116,343**

Year ended 30 April 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Shares to be issued £'000	Share-based payment reserve £'000	Other reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 May 2017	**553**	**188,794**	**28,035**	**3,760**	**5,815**	**(8,964)**	**(86,663)**	**131,330**
Loss for the year	-	-	-	-	-	-	(11,919)	(11,919)
Other comprehensive income	-	-	-	-	-	1,423	-	1,423
Total comprehensive expense for the year	**-**	-	**-**	**-**	**-**	1,423	**(11,919)**	(10,496)
Transaction with owners in their capacity as owners:								
Share based payment expense	-	-	-	-	627	-	-	627
Transactions with owners	**-**	**-**	**-**	**-**	**627**	**-**	**-**	**627**
Balance as at 30 April 2018	**553**	**188,794**	**28,035**	**3,760**	**6,442**	**(7,541)**	**(98,582)**	**121,461**

Financial Statements

Consolidated statement of cash flows

	Note	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000
Cash flows from operating activities			
Loss before taxation		(5,285)	(12,687)
Adjustments for:			
Depreciation and amortisation		4,103	2,813
Loss on disposal assets		2,216	-
(Decrease)/increase in loss allowance		(522)	271
Finance costs		1,650	2,468
Finance income		(1,576)	(1,864)
Foreign exchange (gain)/loss		(1,738)	1,547
Share based payment expense		244	647
Net increase in provisions		146	1,014
Cash used in operations		**(762)**	**(5,791)**
Changes in working capital:			
Decrease/(increase) in trade and other receivables		2,421	(1,796)
(Decrease)/increase in trade and other payables		(1,346)	30
Provision settlement for onerous contract		(666)	-
Net interest paid		(430)	(394)
Net tax refund		473	-
Net cash outflow from operating activities		**(310)**	**(7,951)**
Cash flows from investing activities			
Capitalisation of software development costs	5	(2,940)	(7,223)
Purchases of other intangibles	5	(9)	(70)
Purchases of property, plant and equipment	6	(322)	(330)
Net cash outflow from investing activities		**(3,271)**	**(7,623)**
Cash flows from financing activities			
Proceeds from borrowings		1,000	-
Decrease in invoice receivables		-	4,302
Proceeds from issue of treasury shares		8	-
Net cash inflow from financing activities		**1,008**	**4,302**
Net decrease in cash and cash equivalents		(2,573)	(11,272)
Cash and cash equivalents at start of the year		6,418	17,498
Exchange adjustments		(35)	192
Cash and cash equivalents at the end of the year		**3,810**	**6,418**

Accounting Policies

1. Basis of preparation

The consolidated financial statements of Tungsten Corporation plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention, except for assets and liabilities measured at fair value under IFRS 9.

The consolidated financial statements have been prepared on a going concern basis. The ability of the company to continue as a going concern is contingent on the ongoing viability of the Group. The Group meets its day-to-day working capital requirements through its cash balances and also has a bank facility that it can use. The current economic conditions continue to create uncertainty, particularly over (a) foreign exchange rates; and (b) the level of new sales to new customers. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group expects to be able to operate within the level of its current cash resources without further use of its bank facilities. Having assessed the principal risks and the other matters discussed in connection with the viability statement, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates.

Comparatives

The Group adopted IFRS 15, 'Revenue from Contracts with Customers' on 1 May 2018 using the modified retrospective method applied to the contracts in force on the date of adoption. For this reason the accounting policy applied as of said date, is not comparable to that used for the year ended 30 April 2018.

The statement of financial position has been adjusted by offsetting trade receivables in relation to certain contracts against contract liabilities where services have not yet been provided and amounts are not yet due.

The following table summarises the impact of adopting IFRS 15 on the Group's consolidated statement of financial position as at 30 April 2018.

Balance Sheet (extract)	As at 30 April 2018 original presentation £'000	IFRS 15 Adjustment £'000	As at 30 April 2018 Restated £'000
Current assets			
Trade receivables	7,458	(2,108)	5,350
Current liabilities			
Contract liabilities[1]	8,601	(2,108)	6,493

[1] Contract liabilities were previously referred to as deferred income and are amounts collected ahead of services being delivered.

2. Segment report

The Executive Committee has been identified as the Chief Operating Decision-Maker (CODM), reviewing the Group's internal reporting on a monthly basis in order to assess performance and allocate resources.

The CODM reviews financial information for three segments: Tungsten Network (which includes the e-invoicing and spend analytics business of Tungsten Network), Tungsten Network Finance (which includes the supply chain finance business), and Tungsten Corporate (which includes Tungsten Corporation plc and Tungsten Corporation Guernsey's overheads and general corporate costs). Intersegment revenue from management fees and other intersegment charges are eliminated below.

The CODM analyses the financial performance of the business on the basis of segment EBITDA which is an adjusted profit measure which reflects loss before finance income and costs, taxation, depreciation, amortisation, loss on disposal of assets, foreign exchange gains and losses, share based payment expense and exceptional items.

The most directly comparable IFRS measure to segment EBITDA is operating loss for the period. Management utilises EBITDA to monitor performance as it illustrates the underlying performance of the business by excluding items management consider to be not reflective of the underlying trading operations of the Group or adding items which are reflective of the overall trading operations, as applicable.

Year ended 30 April 2019

	Tungsten Network £'000	Tungsten Network Finance £'000	Corporate £'000	Total £'000
Segment revenue	35,371	674	-	36,045
EBITDA[1] - excluding share based payment expense/(income)	8,115	(1,885)	(5,623)	607
EBITDA[1] - including share based payment expense/(income)	7,716	(2,266)	(5,087)	363
Depreciation and amortisation	(3,668)	(144)	(291)	(4,103)
Loss on disposal of assets	(2,216)	-	-	(2,216)
Foreign exchange gain/(loss)	1,792	(54)	-	1,738
Share based payment (expense)/income	(399)	(381)	536	(244)
Exceptional items	(285)	14	(722)	(993)
Finance income	938	3	635	1,576
Finance costs	(1,186)	(184)	(280)	(1,650)
Profit/(loss) before taxation	**3,091**	**(2,631)**	**(5,745)**	**(5,285)**
Income tax credit				1,935
Loss for the year				**(3,350)**
As at 30 April 2019				
Capital expenditure	2,432	836	3	3,271
Total assets	130,530	998	3,229	134,757
Total liabilities	12,074	909	5,431	18,414

1 EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, loss on disposal of assets, foreign exchange gain or loss, share based payment expense and exceptional items.

1 **Year ended 30 April 2018**

	Tungsten Network £'000	Tungsten Network Finance £'000	Corporate £'000	Total Restated* £'000
Segment revenue	33,321	342	-	33,663
EBITDA[1] - excluding share based payment expense/(income)	2,340	(1,300)	(5,687)	(4,647)
EBITDA[1] - including share based payment expense/(income)	2,340	(1,300)	(6,334)	(5,294)
Depreciation and amortisation	(2,304)	(57)	(452)	(2,813)
Foreign exchange gain/(loss)	(1,319)	(169)	(59)	(1,547)
Share based payment expense	-	-	(647)	(647)
Exceptional items	(1,946)	(118)	(365)	(2,429)
Finance income	1,379	74	411	1,864
Finance costs	(1,457)	(276)	(735)	(2,468)

Loss before taxation	**(3,307)**	**(1,846)**	**(7,534)**	**(12,687)**
Income tax credit				768
Loss for the year				**(11,919)**

As at 30 April 2018				
Capital expenditure	7,492	-	122	7,614
Total assets	135,931	852	4,356	141,139
Total liabilities	14,231	223	5,224	19,678

1 EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, loss on disposal of assets, foreign exchange gain or loss, share based payment expense and exceptional items.

3. Exceptional items

	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000
Professional advice [1]	533	-
Restructuring costs [2]	238	592
Provision for onerous contracts [3]	222	1,587
Loan notes [4]	-	250
Total exceptional items	**993**	**2,429**

1 Professional advisor costs of £0.5 million were incurred in respect of the requisition request for a General Meeting and other corporate finance matters.

2 Restructuring costs of £0.2 million were incurred due to contract terminations and other redundancy costs.

3 Provision for onerous contracts includes a final settlement for technology contract termination costs and a discontinued contract of £0.2 million.

4 Settlement of disputes in FY18 between the Company, Disruptive Capital Advisory Limited and the Company's former Chief Executive Officer Edmund Truell, through the issuance of convertible loan notes worth £0.25 million.

4. Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Loss per share attributable to the equity holders of the parent during the year:

	Year ended 30 April 2019			**Year ended 30 April 2018**		
	Loss £'000	Shares '000	Loss per share P	Loss £'000	Shares '000	Loss per share P
Basic and diluted	(3,350)	126,088	(2.66)	(11,919)	126,069	(9.45)

5. Intangible assets

As at 30 April 2019

	Goodwill £'000	Customer relationships £'000	IT platform £'000	Software £'000	Software development under construction £'000	**Total £'000**
Cost						
Balance at 1 May 2018	101,848	11,109	7,014	2,960	8,556	**131,487**
Additions	-	-	-	9	2,940	**2,949**
Reclassification	-	-	-	7,872	(7,872)	**-**
Disposal	-	-	-	(2,650)	-	**(2,650)**
Exchange differences	209	7	180	11	-	**407**
Balance at 30 April 2019	**102,057**	**11,116**	**7,194**	**8,202**	**3,624**	**132,193**

Accumulated amortisation						
Balance at 1 May 2018	-	2,575	4,760	755	-	**8,090**
Charge for the year	-	573	1,189	1,838	-	**3,600**
Disposal	-	-	-	(434)	-	**(434)**
Exchange differences	-	5	135	7	-	**147**
Balance at 30 April 2019	**-**	**3,153**	**6,084**	**2,166**	**-**	**11,403**
Net book value						
As at 1 May 2018	101,848	8,534	2,254	2,205	8,556	123,397
As at 30 April 2019	102,057	7,963	1,110	6,036	3,624	120,790

Following the changes to the Tungsten Board, the Group has been undertaking an operating review. This included an assessment led by Martyn Arbon, who joined Tungsten as Chief Technology Officer on 3 April 2018, of all ongoing and completed software development projects.

In particular, the commercial value of Project Belfast, was assessed. Project Belfast involved mapping of data to point OBI (the Group's in-house Customer Relations Management team) and our customer portal to Salesforce. Salesforce went live in July 2018 with this functionality.

During the year, through the operating review, it has been determined that, whilst the Group intends to continue to work in the integration of OBI and Salesforce, the work was ineffective, the technology that was used was not appropriate and that new integrations were required. Accordingly, the total net book value of Project Belfast, £2.2 million has been fully written off in the income statement.

As at 30 April 2018

	Goodwill £'000	Customer relationships £'000	IT platform £'000	Software £'000	Software development under construction £'000	**Total £'000**
Cost						
Balance at 1 May 2017	102,049	11,116	7,188	660	3,570	**124,583**
Additions	-	-	-	70	7,223	**7,293**
Reclassification	-	-	-	2,236	(2,236)	**-**
Exchange differences	(201)	(7)	(174)	(6)	(1)	**(389)**
Balance at 30 April 2018	**101,848**	**11,109**	**7,014**	**2,960**	**8,556**	**131,487**
Accumulated amortisation						
Balance at 1 May 2017	-	2,007	3,694	430	-	**6,131**
Charge for the year	-	572	1,172	331	-	**2,075**
Exchange differences	-	(4)	(106)	(6)	-	**(116)**
Balance at 30 April 2018	**-**	**2,575**	**4,760**	**755**	**-**	**8,090**
Net book value						
As at 1 May 2017	102,049	9,109	3,494	230	3,570	118,452
As at 30 April 2018	101,848	8,534	2,254	2,205	8,556	123,397

Impairment testing is carried out at cash generating unit (CGU) level on an annual basis. The following is a summary of the goodwill allocation for each reporting segment:

	As at 30 April 2019 £'000	As at 30 April 2018 £'000

Tungsten Network	102,057	101,848
Total goodwill	**102,057**	**101,848**

The Group has estimated the recoverable amount of the Tungsten Network CGU using a value-in-use model by projecting cash flows for the next five years together with a terminal value using a growth rate. The five-year plan used in the impairment models is based on Board approved budgets and management's past experience and future expectations of performance. The cash flow projections are based on the following key assumptions:

- Revenue growth from customers using the Tungsten Network, including Tungsten Workflow and Tungsten Analytics at a compound annual growth rate of at least 14.5%
- Post-tax discount rate of 12% (2018: 11.75%), being based on the Group's weighted average cost of capital (WACC)
- Growth rate used in perpetuity of 2.00% (2018: 2.00%)
- Corporate overhead of £4.7 million
- Cost growth of 2.60%

Based on the above assumptions, the recoverable amount of the Tungsten Network CGU exceeded its carrying value by £60.3 million (2018: £12.2 million).

The recoverable amount of the Tungsten Network CGU derived from this analysis was sensitive to the compound annual revenue growth rate and discount rate. In the event that the compound annual revenue growth rate assumption is reduced to 9.9%, or the discount rate assumption is increased to 16.7%, the recoverable amount would equal the carrying value of the CGU.

6. Property, plant and equipment

As at 30 April 2019

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	**Total £'000**
Cost				
Balance at 1 May 2018	3,194	264	599	**4,057**
Additions	210	7	137	**354**
Disposals	-	-	(1)	**(1)**
Exchange differences	5	7	15	**27**
Balance at 30 April 2019	**3,409**	**278**	**750**	**4,437**
Accumulated depreciation				
Balance at 1 May 2018	914	126	371	**1,411**
Charge for the year	284	53	166	**503**
Disposals	-	-	(1)	**(1)**
Exchange differences	1	4	13	**18**
Balance at 30 April 2019	**1,199**	**183**	**549**	**1,931**
Net Book Value				
At 1 May 2018	2,280	138	228	2,646
At 30 April 2019	2,210	95	201	2,506

As at 30 April 2018

	Leasehold improvements	Fixtures and fittings	Computer equipment	**Total**

	£’000	£’000	£’000	**£’000**
Cost				
Balance at 1 May 2017	1,823	220	324	**2,367**
Additions	1,367	37	130	**1,534**
Disposals	-	-	(2)	**(2)**
Exchange differences	4	7	147	**158**
Balance at 30 April 2018	**3,194**	**264**	**599**	**4,057**
Accumulated depreciation				
Balance at 1 May 2017	373	70	68	**511**
Charge for the year	537	46	155	**738**
Disposals	-	-	(1)	**(1)**
Exchange differences	4	10	149	**163**
Balance at 30 April 2018	**914**	**126**	**371**	**1,411**
Net Book Value				
At 1 May 2017	1,450	150	256	1,856
At 30 April 2018	2,280	138	228	2,646

7. Share capital and share premium

Issued and fully paid	Ordinary shares Number	Nominal Value P	Share capital £’000	Share Premium £’000
Balance as at 1 May 2017	126,069,397	43.86	553	188,794
Shares issued during the year	-	-	-	-
Balance as at 30 April 2018	126,069,397	43.86	553	188,794
Shares issued during the year	18,750	43.86	-	8
Balance as at 30 April 2019	**126,088,147**	**43.86**	**553**	**188,802**

8. Related-party transactions

The Group entered into the following transactions with related parties in the ordinary course of business:

	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000
Purchase of services	34	34

Richard Hurwitz held the position of Director of The Witz Company (USA). During the year ended 30 April 2019, this includes the services received from The Witz Company (USA) totalling £30,000 (2018: £34,000). Other related-party transactions totalled £4,000 (2018: £nil).

Transactions between Group entities principally relate to intercompany financing arrangements which are eliminated on consolidation.

Key management personnel

Key management includes Executive Directors - who are responsible for controlling and directing the activities of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000

Short-term employee benefits	1,254	1,905
Share-based payment expense	(32)	219
Total	1,222	2,124

With the departure of Rick Hurwitz as the Group CEO in February 2019, all the unvested share options of 1,051,250 shares were lapsed and the share-based payment expense recognised previously was unwound in the income statement.