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TUNGSTEN CORPORATION PLC

('Tungsten' or the 'Company')

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2021

Tungsten Corporation plc (AIM: TUNG), a leading provider of digital financial management products and software solutions, announces the following unaudited interim results for the six months ended 31 October 2021:

	Group results	
£m	H1-FY22	H1-FY21
Revenue	18.3	18.0
Gross profit [(1)]	16.9	16.7
Adjusted operating expenses [(2)]	13.9	15.9
Adjusted EBITDA [(3)]	3.0	0.8
Adjusted EBITDA margin [(4)]	*17%*	*5%*
Operating profit/(loss)	0.8	(29.9)
Operating profit/(loss) excluding goodwill impairment	0.8	(3.7)
Net cash [(5)]	1.9	1.0
New sales billings [(6)]	1.3	2.1
Total contract value [(7)]	0.9	1.9
Transaction volumes	9.4m	9.0m

Financial highlights

- Group revenue increased by 2% to £18.3 million and by 5% on a constant currency basis.
- 94% of revenue was repeatable and recurring in line with H1-FY21.
- Gross profit was £16.9 million, an increase of £0.2 million from H1-FY21.
- Adjusted EBITDA of £3.0 million, up £2.2 million from H1-FY21, with an increase of gross profit of £0.2 million and a reduction in operating expenses of £2.0 million, driven by staff cost savings of £1.8 million arising from FY-21 restructuring activities.
- Statutory operating profit of £0.8 million versus a loss of £29.9 million in H1-FY21, with H1-FY21 including a £26.2 million impairment charge.
- Net cash of £1.9 million, a £0.9 million increase from H1-FY21, primarily driven by reduced costs
- Provision booked of £1.3 million to exceptionals relating to post period end settlement of an employment claim made against the Company initiated in FY-20.

Operational highlights

- 13 upsells with TCV of £722k (18% increase v H1-FY21) .
- Transaction volumes of 9.4 million, an increase of 5%.
- One new customer Accounts Receivable ("AR") win with Total Contract Value ("TCV") of £0.2 million.
- New sales billings of £1.3 million (H1-FY21 £2.1 million).
- Appointment of new CEO and new Chief Sales Officer.
- Account Payable ("AP") supplier churn[8] reduction of 4% to 8%.

- Significantly improved Buyer retention. In H1-FY22 we lost 2 AP Buyers with annual recurring revenue of £54k (1% of Buyer ARR) against loss of 14 AP Buyers with annual recurring revenue ("ARR") of £207k in H1-FY21 (2% of buyer ARR).
- Second customer contract signed to provide supply chain financing through our Orbian partnership for an existing customer with current annual invoices totaling £6.7 billion across the Tungsten Network
- To date, two new buyers are live with our partnership with a leading US bank, representing potential new invoice volumes to Tungsten of around 185,000 annually.

Current Trading and FY22 outlook

- Customer wins in H1 were behind our expectations as a result of some prolonged customer decisions and changes in the sales team, however we are confident of securing further new customer wins for the remainder of the year.
- Whilst upsells and new customer wins to 31 October 2021 will contribute revenue of £512k for FY22, the continued weakening of the US$ in FY22 versus FY21 is expected to have an impact on our underlying year on year growth rates. (H1-FY21 average rate was 1.28 with H1-FY22 average rate at 1.38).
- Continued to exert tight control on the cost base which combined with the delayed planned £1 million investment in our tech development and compliance functions will lead to cost savings in FY22, we expect to commence this investment in Q4-FY22.
- Partnership signed post period end with Amazon Business in Europe and the US to support outbound AR supplier invoicing to buyers on and off network.
- Whilst we are committed to an additional cash spend of £1.5 million relating to settlement of a FY-2020 employment claim against the Company, through cost control and temporary head count savings referred to above we expect to mitigate the cash impact in H2-FY22 and do not expect to increase our current draw down of £2m under the facility.

Paul Cooper, Chief Executive Officer of Tungsten Corporation plc, said:

"We are encouraged by progress made in the period with some significant strategic wins across our portfolio and partnership offerings. Our focus on product and technology innovation has continued to enhance the experience of customers and partners across our digital ecosystem. The Tungsten team remain committed to supporting global enterprises realise tangible operational efficiency in uncertain economic times, and ensuring robust risk management as invoicing regulation continues to proliferate across the globe."

1 Gross profit is calculated as revenue less cost of sales.

2 Adjusted operating expenses exclude cost of sales, net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items and is adjusted to include lease payments.

3 Adjusted EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items and is adjusted to include lease payments

4 Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue.

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

6 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.

7 Total contract value ('TCV') is defined as annual recurring revenue and one off implementation revenue contracted with a new customer or an upsell with an existing customer.

8 H1-FY22 *AP Supplier churn % represents the loss of AP Suppliers in the year to 31 October 2021 divided by the number of AP Suppliers as at 31 October 2020.*

Investor Meet Company presentation

Paul Cooper, Chief Executive Officer and Ian Kelly, Chief Financial Officer, will provide a live presentation relating to the interim results via the Investor Meet Company platform today at 11:00am. Those who wish to attend the event will be required to register in advance, and is open to all existing and potential shareholders. Please follow the link to register your attendance:

https://www.investormeetcompany.com/tungsten-corporation-plc/register-investor

Enquiries

Tungsten Corporation plc	+44 20 7280 6980
Paul Cooper, Chief Executive Officer	
Ian Kelly, Chief Financial Officer	
Canaccord Genuity Ltd (Nominated Advisor & Broker)	+44 20 7523 8000
Simon Bridges	
Andrew Potts	
Tavistock Communications Financial PR & IR	+44 20 7920 3150
Heather Armstrong	
Jos Simson	
Katie Hopkins	

About Tungsten Corporation plc

Tungsten Corporation (AIM: 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 60% of the FTSE 100 and 68% of the Fortune 500. It enables suppliers to submit tax compliant e-invoices in 54 countries, and last year processed transactions worth £220 billion 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 200 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.

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

CEO Business Review

Overview

The first half of FY22 has seen encouraging progress for Tungsten against a backdrop of gradual global economic recovery. Within the overall performance, it's fair to say there have been mixed results. Much improved profitability has been driven by steadily recovering transaction related revenues, strong retention and growth of existing customer contracts, optimised pricing contributions and careful cost management. Whilst new deal bookings have been lower than prior year, important strategic wins in the period included our first Total AR customer win in the insurance sector, a significant existing AP Buyer signing a new contract under our Supply Chain Finance partnership with Orbian and two buyers joining the network under the partnership we have with a leading US bank. We continue to build our pipeline and focus on closing new business opportunities through consultative engagements focused on customer centric outcomes.

Our purpose

Our purpose is to partner with enterprise customers to transform finance processes and maximise strategic business value across the supply chain. As individuals, companies and governments around the world continue to respond to the impact of the COVID-19 pandemic, the importance of this purpose, and our value to business continuity, has never been clearer. We remain committed to helping global business leaders capture opportunities to emerge stronger through business challenges and transformation.

The market

The pandemic continues to provide both opportunities and challenges. Businesses continue to adapt admirably to the ongoing lockdowns, shortages and delays in the supply chain, rising commodity rises and anticipated inflationary pressures. These market conditions have fuelled a higher prioritisation of digital initiatives in most organisations to realise operational strength and efficiency.

The number of countries implementing or making significant changes to existing regulatory requirements for compliant invoicing continues to accelerate. These requirements utilise increasingly sophisticated technology tools and e-invoicing portals (or gateways) to maximise visibility of every supply chain step and minimise tax and invoice fraud.

Market trends clearly create exciting drivers that align to the established strength of the Tungsten network and compliance expertise.

Performance

Despite challenges around new customer wins driving a reduction in new sales billings of £0.8 million from H1-FY21 to £1.3 million, we are pleased to report revenue growth of 5% on a constant currency basis.

Adjusted EBITDA of £3 million for H1-FY22, was up £2.2 million from H1-FY21, primarily driven by staff cost savings of £1.8 million arising from FY-21 restructuring activities.
Whilst not quite yet at pre-covid 19 levels of transactions volumes we have also seen an increase in transaction volumes of 5% to 9.4 million for H1-FY22.

We continue to make significant progress on reducing churn and are pleased to report that our churn % for integrated suppliers has reduced by 4% to 8%, whilst the annual recurring revenue buyer churn impact has reduced from £207K in H1-FY21 (2% of buyer ARR), to £54K in H1-FY22 (1% of buyer ARR).

In H1-FY22 we were informed by NTT that it will terminate the contract announced in April 2021, but we shall continue to deliver the Integrated Supplier Services that were previously in place. This decision was not due to performance but based on a change in NTT's procurement strategy. The decision has no impact on FY22 revenues and no material impact for FY23.

Strategic execution

As we entered FY22, we recognised that a coordinated and aligned cross-functional strategy with tight focus and impeccable execution will determine success in the year. It is clear that the following strategic pillars have contributed positively to the performance in H1 and remain critically relevant moving forward.

- *Driving Core AP e-invoicing growth*

As one of the electronic invoicing pioneers, we will continue to leverage our extensive experience and passion for digitisation in Accounts Payable ("AP") environments to deliver business critical outcomes for customers. Our current AP buyer base offers significant opportunities for expansion into wider geographies, business units and spend categories and we have closed 13 upsells of which 12 are AP and representing an 18% growth in TCV booking value against the first half of last year.

- *Riding the wave of compliance and opening the network*

Tungsten continues to invest and stay at the forefront of regulatory changes within global markets and provide trusted advisory for customers and partners. With e-invoicing solutions in both accounts payable to accounts receivable, we have expertly addressed the distinct compliance requirements from both perspectives. We address this complexity on behalf of our customers in 54 countries and will expand this footprint as further mandates emerge. In H1, our transaction volumes have now more than doubled since government gateways were introduced in Germany, Italy and India. We also focused our efforts on supporting customers in preparation for major mandate updates in Greece, Saudi Arabia, Italy and Mexico.

We continue to grow our interoperability partner base to access numerous compatible networks in order to enlarge our transactional footprint exponentially. This ability to seamlessly transact with other networks underpins the growth plans for our Total AR and Total AP solution. We have added six interoperability partners since the start of the financial year.

- *Drive full suite capabilities through partnerships*

We have established a number of partnerships to drive capability and scale to support customers with solutions that meet their strategic needs. We have a number of go to market partnerships in place and are targeting further for the remainder of the year to open up new client opportunities. We also have partnerships that extend our portfolio into supply chain finance and payments. We have continued to see strong interest within our existing customer base for supply chain finance and have signed a second significant Tungsten AP Buyer under this partnership with Orbian and continue to progress our payments partnership with FIS Worldpay in line with our overall strategy of integrating invoicing and payments.

- *Total AR as growth engine*

We continue to strengthen the Total AR e-invoicing proposition to handle 100% of outgoing invoices in all formats, having signed another AR customer deal in H1. The pipeline mix of Total AR opportunities is also increasing reflecting the momentum building with this differentiating solution set. The recent AR partnership announced with Amazon Business is a further vindication of this strategy. We look forward to further success in driving the network effect through Total AR growth and were very pleased to secure a customer win in H1, our first in the insurance sector.

Our people

The Tungsten team continue to successfully navigate remote working requirements required in a number of our global locations. The emerging opportunities to return to our workplaces and engage with colleagues and customers is being embraced enthusiastically.

I am delighted to be at Tungsten Network, joining the team as Chief Executive Officer on 9 June 2021, and having spent over two decades in the Technology industry.

Andy Reid joined Tungsten as our new Chief Sales Officer in September 2021 having built his career in various fintech sales and leadership roles. We are very excited about the knowledge, energy and proven track record that Andy possesses in driving successful engagements with strategic global clients at an executive level.

Tungsten has implemented LinkedIn Learning, giving colleagues access to over 16,000 courses to support on-going development. Learning paths have been established for key skills and roles across the organisation to underpin a culture of continuous improvement.

Current Trading and FY 22 outlook

Customer wins in H1 were behind our expectation as a result of some prolonged customer decisions and changes in the sales team, however we are confident of securing further new customer wins for the remainder of the year.

Whilst upsells and new customer wins to 31 October 2021 will contribute revenue of £512k for FY22, the continued weakening of the US$ in FY22 versus FY21 is expected to have an impact on our underlying year on year growth rates. (H1-FY21 average rate was 1.28 with H1-FY22 average rate at 1.38).

Continued to exert tight control on the cost base which combined with the delayed planned £1 million investment in our tech development and compliance functions will lead to cost savings in FY22, we expect to commence this investment in Q4-FY22.

We were pleased to sign a partnership post period end with Amazon Business in Europe and the US to support automated invoice processing for joint customers.

Looking forward

The tireless efforts of the whole team delivering an improved experience for all customers on the Tungsten Network has bolstered the platform for continued growth. Sharp focus remains on the strategic execution of our product, technology and partner roadmap to deliver increased value and innovation to all stakeholders on our evolving digital ecosystem.

Paul Cooper
Chief Executive Officer

CFO Financial Review

Income statement

£m	Group	
	HY-FY22	HY-FY21
Revenue	18.3	18.0
Cost of sales	(1.4)	(1.3)
Gross profit	**16.9**	**16.7**
Adjusted operating expenses [(1)]	(13.9)	(15.9)
Adjusted EBITDA [(2)]	**3.0**	**0.8**
Rent adjustment[(3)]	0.5	0.5
Adjusted (excluding lease payments) EBITDA[(4)]	**3.5**	**1.3**
Other operating expenses	(2.7)	(31.2)
Operating profit/(loss)	**0.8**	**(29.9)**
Net finance costs	(0.2)	(0.6)
Profit /(loss) before taxation	**0.6**	**(30.5)**
Taxation charge	-	-
Profit/(loss) for the period	**0.6**	**(30.5)**

1 Adjusted operating expenses exclude cost of sales, net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items and is adjusted to include lease payments.

2 Adjusted EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items and is adjusted to include lease payments.

3 Rent adjustment equates to lease payments.

4 Adjusted (excluding lease payments) EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items. The most directly comparable IFRS measure to Adjusted (excluding lease payment) EBITDA is operating profit/(loss) for the period. Management utilises Adjusted (excluding lease payments) EBITDA to monitor performance as it illustrates the underlying performance of the business by excluding items management considers 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.

Revenue

£m	**HY-FY22**	HY-FY21	% Movement (1)
Recurring revenue (2)	9.3	9.8	(5)%
Repeatable revenue (3)	7.9	6.9	14 %
Total recurring and total repeatable revenue	**17.2**	**16.7**	**3 %**
Other revenue (4)	1.1	1.3	(11)%
Total revenue	**18.3**	**18.0**	**2 %**

Recurring revenue % of total revenue (5)	51%	54%
Total recurring and total repeatable revenue % of total revenue (6)	94%	93%

1 Revenue is shown to the nearest £0.1 million. Movement is calculated on figures to the nearest £1 thousand.
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 Total recurring revenue percentage is revenue from annual subscription and maintenance fees as a percentage of total revenue.
6 Total recurring and total repeatable revenue percentage is total recurring and total repeatable revenue as a percentage of total revenue.

Revenue for the period was £18.3 million (H1-FY21: £18.0 million), representing an increase of 2% and an increase of 5% on a constant currency basis, driven by increased transaction volumes and price increases implemented in H2-FY21.

Recurring revenue of £9.3 million decreased from £9.8 million in H1-FY21, driven by adverse FX of £0.4 million, churn of £0.5 million (including £0.2m buyer churn impact of FY-21 leavers) and partially offset by £0.4 million of revenue from new customer wins. As a result, recurring revenue has reduced from 54% (H1-FY21) of revenues to 51% of revenues.

Repeatable revenue increased by £1.0 million to £7.9 million (H1-FY21: £6.9 million) driven by price increases implemented in H2-FY21 and increased transaction volumes which increased by 0.4 million to 9.4 million, and represented 43% of revenues, an increase from 39% of revenues in H1-FY21.

Revenue by type of customer

38% of Tungsten network revenue was generated by our buyer customers in H1-FY22 (H1-FY21: 42%). Total buyer revenue was £7.0 million (H1-FY21: £7.5 million). This reflected a decline in recurring revenue of £0.5 million, which was driven by FX and buyer churn referred to above.

Supplier revenue represented 61% of Tungsten revenue in H1-FY22 (H1-FY21: 57%). Total supplier revenue grew 9% to £11.2 million (HY20: £10.3 million), with the increase driven primarily by the price increases referred to earlier implemented in H1-FY21 and increased transaction volumes.

Expenses

£m	**H1-FY22**	H1-FY21	Difference
Adjusted operating expenses [1]	**(13.9)**	**(15.9)**	**2.0**
Rent adjustment	0.5	0.5	-
Cost of sales	(1.4)	(1.3)	(0.1)
Depreciation and amortisation	(2.1)	(2.3)	0.2
Impairment of goodwill	-	(26.2)	26.2
Foreign exchange gain/(loss)	0.6	(0.8)	1.4
Share-based payment expense	-	(0.1)	0.1
Exceptional items	(1.2)	(1.8)	0.6
Statutory operating expenses	**(17.5)**	**(47.9)**	**30.4**

1 Adjusted operating expenses exclude cost of sales, net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items and are adjusted to include lease payments.

The Group's statutory operating expenses reduced by £30.4 million to £17.5 million (H1-FY21: £47.9 million). H1-FY21 included a non-recurring charge of £26.2 million for impairment of goodwill associated with the OB10 acquisition in 2013.

Statutory operating expenses excluding impairment of goodwill, were £17.5 million (H1-FY21: £21.7 million) which represents a decrease on H1-FY21 of £4.2 million primarily due to a £1.4 million positive swing from H1-FY21 on foreign currency gains on intercompany balances denominated in USD, a decrease in exceptional items of £0.6 million and a £2.0 million reduction in operating expenses. The exceptional item charge of £1.2 million relates to the settlement of an employment claim.

Operating expenses

The Group's Adjusted operating expenses reduced by 13% to £13.9 million (H1-FY21: £15.9 million). This is primarily driven by staff cost savings of £1.8 million arising from FY-21 restructuring activities.

Earnings/(loss) before tax

The Group generated a profit before tax for the period of £0.6 million (H1-FY21: £30.5 million loss). The basic earnings per share was 0.50p (H1-FY21: 24.18p loss per share). The diluted earnings per share was 0.50p (H1-FY21: 24.18p loss per share).

Funding and liquidity

Cash and cash equivalents at the end of H1-FY22 were £3.9 million (H1-FY21: £3.0 million). Net cash (including amounts drawn down under the revolving credit facility) at the end of H1-FY22 was £1.9 million (H1-FY21: £1.0 million), representing an increase of £0.9 million which was driven by reduced costs.

Cash Flow £m	**H1-FY22**	H1-FY21
Net cash flow from operating activities	1.8	0.1
Net cash flow from investing activities	(1.2)	(1.7)
Net cash flow from financing activities	(0.8)	(0.8)
Net movement in cash & cash equivalents	**(0.2)**	**(2.3)**
Cash & cash equivalents at the start of the period	4.1	5.2
Exchange adjustments	-	0.2
Cash & cash equivalents at the end of the period	**3.9**	**3.0**

Cash flows from operating activities

Cash generated from operating activities increased to £1.8 million (H1-FY21: £0.1 million) primarily due to the above mentioned reduction in operating expenses.

Cash flows from investing activities

Cash spent on investing activities decreased by £0.5 million to £1.2 million (H1-FY21: £1.7 million) driven by timing of investment spend (to commence towards end of FY22) and reduced cost IT headcount.

The Group has a £4.0 million revolving credit facility with an expiry date of December 2023. As at 31 October 2021, a total of £2.0 million was drawn down on this facility and all covenants tests were met during the period.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group remain broadly consistent with the Principal Risks and Uncertainties reported in Tungsten's 30 April 2021 Annual Report.

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 OCTOBER 2021

	Note	**31 October 2021 (unaudited) £'000**	31 October 2020 (unaudited) £'000
Revenue	4	**18,286**	18,013
Operating expenses		**(17,465)**	(47,905)
Operating profit/(loss)		**821**	**(29,892)**

Adjusted (excluding lease payments) EBITDA[1]		**3,535**	1,367
Depreciation and amortisation		**(2,064)**	(2,287)
Impairment of goodwill		**-**	(26,160)
Foreign exchange gain/(loss)		**568**	(881)
Share-based payment expense		**(29)**	(65)
Exceptional items	5	**(1,189)**	(1,866)
Operating profit/(loss)		**821**	**(29,892)**

Finance income		**836**	1,069
Finance costs		**(1,018)**	(1,664)
Net finance costs		**(182)**	**(595)**
Profit/(loss) before taxation		**639**	**(30,487)**
Taxation charge		**(11)**	(4)
Profit/(loss) for the period		**628**	**(30,491)**

Earnings/(loss) per share attributable to the equity holders of the parent during the period (expressed in pence per share):			
Basic	6	**0.50**	(24.18)
Diluted	6	**0.50**	(24.18)

1 Adjusted (excluding lease payments) EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items. The most directly comparable IFRS measure to Adjusted (excluding lease payments) EBITDA is operating profit/(loss) for the period. Management utilises Adjusted (excluding lease payments) EBITDA to monitor performance as it illustrates the underlying performance of the business by excluding items management considers 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 OCTOBER 2021

	31 October 2021 (unaudited) £'000	31 October 2020 (unaudited) £'000
Profit/(loss) for the period	**628**	(30,491)
Other comprehensive (expense)/income:	**-**	
Items that may be reclassified subsequently to profit or loss	**-**	
Currency translation	**(810)**	1,135
Total comprehensive loss for the period	**(182)**	**(29,356)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 31 October 2021 (unaudited) £'000**	As at 30 April 2021 (audited) £'000
Assets			
Non-current assets			
Goodwill	7	**49,649**	49,616
Intangible assets	7	**16,385**	16,895
Property, plant and equipment	8	**655**	693
Right of use assets	8	**3,300**	3,585
Trade and other receivables		**781**	687
Total non-current assets		**70,770**	**71,476**
Current assets			
Trade and other receivables		**4,941**	4,720
Cash and cash equivalents		**3,915**	4,117
Total current assets		**8,856**	**8,837**
Total assets		**79,626**	**80,313**
Non-current liabilities			
Provisions	9	**1,160**	1,160
Lease liabilities		**4,376**	4,712
Total non-current liabilities		**5,536**	**5,872**
Current liabilities			
Trade and other payables		**5,742**	6,776
Provisions	9	**1,639**	363
Lease liabilities		**741**	731
Borrowings		**1,969**	1,964
Contract liabilities		**7,845**	8,367
Total current liabilities		**17,936**	**18,201**
Total liabilities		**23,472**	**24,073**
Capital and reserves attributable to the equity shareholders of the parent			
Share capital		**555**	554
Share premium		**188,973**	188,866
Merger reserve		**28,035**	28,035
Shares to be issued		**3,760**	3,760
Share-based payment reserve		**5,581**	5,796
Other reserve		**(5,450)**	(5,450)
Currency translation reserve		**(2,056)**	(1,246)
Accumulated losses		**(163,244)**	(164,075)
Total equity		**56,154**	**56,240**
Total equity and liabilities		**79,626**	**80,313**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 OCTOBER 2021

Six months ended 31 October 2021

	Share capital £'000	Share premium £'000	Merger reserve £'000	Shares to be issued £'000	Share-based payment reserve £'000	Other reserve £'000	Currency translation reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 May 2021 (audited)	**554**	**188,866**	**28,035**	**3,760**	**5,796**	**(5,450)**	**(1,246)**	**(164,075)**	**56,240**
Profit for the period	-	-	-	-	-	-	-	628	628
Other comprehensive expense	-	-	-	-	-	-	(810)	-	(810)
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(810)**	**628**	**(182)**
Transaction with owners in their capacity as owners:									
Issue of shares	1	107	-	-	(107)	-	-	-	1
Forfeited vested share-based payments	-	-	-	-	(137)	-	-	137	-
Share-based payments exercised below fair value at grant	-	-	-	-	-	-	-	66	66
Share-based payment expense	-	-	-	-	29	-	-	-	29
Transactions with owners	**1**	**107**	**-**	**-**	**(215)**	**-**	**-**	**203**	**96**
Balance as at 31 October 2021 (unaudited)	**555**	**188,973**	**28,035**	**3,760**	**5,581**	**(5,450)**	**(2,056)**	**(163,244)**	**56,154**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 OCTOBER 2020

Six months ended 31 October 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Shares to be issued £'000	Share-based payment reserve £'000	Other reserve £'000	Currency translation reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 May 2020 (audited)	**553**	**188,802**	**28,035**	**3,760**	**7,184**	**(5,450)**	**(5,078)**	**(130,993)**	**86,813**
Loss for the period	-	-	-	-	-	-	-	(30,491)	(30,491)
Other comprehensive income	-	-	-	-	-	-	1,135	-	1,135
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**-**	**-**	**1,135**	**(30,491)**	**(29,356)**
Transaction with owners in their capacity as owners:									
Issue of treasury shares to employees	-	37	-	-	(59)	-	-	22	-
Share based payment expense	-	-	-	-	70	-	-	-	70
Transactions with owners	**-**	**37**	**-**	**-**	**11**	**-**	**-**	**22**	**70**
Balance as at 31 October 2020 (unaudited)	**553**	**188,839**	**28,035**	**3,760**	**7,195**	**(5,450)**	**(3,943)**	**(161,462)**	**52,527**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 OCTOBER 2021

	31 October 2021 (unaudited) £'000	31 October 2020 (unaudited) £'000
Cash flows from operating activities		
Profit/(loss) for the period before taxation	**639**	(30,487)
Adjustments for:		
Depreciation and amortisation	**2,064**	2,287
Impairment of goodwill	**-**	26,160
(Decrease)/Increase in provision for trade receivables	**(53)**	137
Finance costs	**1,018**	1,664
Finance income	**(836)**	(1,069)
Foreign exchange (gain)/loss	**(568)**	881
Share-based payment expense	**29**	65
Changes in working capital:		
(Increase)/decrease in trade and other receivables	**(144)**	508
(Decrease)/increase in trade and other payables and contract liabilities	**(1,581)**	5
Increase/(decrease) in provisions	**1,276**	(25)
Cash generated from operations	**1,844**	**126**
Net tax paid	**(37)**	-
Net cash inflow from operating activities	**1,807**	**126**
Cash flows from investing activities		
Software development costs	**(1,124)**	(1,688)
Purchases of property, plant and equipment	**(60)**	(55)
Net cash outflow from investing activities	**(1,184)**	**(1,743)**
Cash flows from financing activities		
Lease payments – payments of principal	**(373)**	(411)
Lease payments – payments of interest	**(132)**	(172)
Net interest paid	**(300)**	(175)
Proceeds from borrowings	**-**	2,000
Repayment of borrowings	**-**	(2,000)
Increase in borrowings	**-**	(4)
Proceeds from issue of shares	**1**	-
Net cash outflow from financing activities	**(804)**	**(762)**
Net decrease in cash and cash equivalents	**(181)**	(2,379)
Cash and cash equivalents at start of the period	**4,117**	5,208
Exchange adjustments	**(21)**	169
Cash and cash equivalents at the end of the period	**3,915**	**2,998**

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

Tungsten Corporation plc (the 'Company') and its subsidiaries (together, the 'Group') is a global e-invoicing network that offers trade finance and spend analytics.

The Company is a public limited company, which is incorporated and domiciled in the UK. The address of its registered office is Pountney Hill House, 6 Laurence Pountney Hill, London EC4R 0BL, UK.

The Board of Directors approved this interim report on 12 December 2021.

2. Basis of Preparation

These interim consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act of 2006 and in accordance with International Financial Reporting Standards ('IFRS'). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 30 April 2021 Annual Report. The financial information for the half years ended 31 October 2021 and 31 October 2020 does not constitute statutory accounts within the meaning of Section 434 (3) of the Companies Act 2006 and both periods are unaudited.

The annual financial statements of Tungsten Corporation plc (the 'Group') are prepared in accordance with IFRS. The statutory Annual Report and financial statements for 2021 have been filed with the Registrar of Companies. The Independent Auditor's report on the Annual Report and financial statements for the year ended 30 April 2021 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) - (3) of the Companies Act 2006.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 30 April 2021 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2021 and will be adopted in the 2022 financial statements. There are deemed to be no new and amended standards and/or interpretations that will apply for the first time in the next annual financial statements that are expected to have a material impact on the Group.

3. Going Concern

The interim 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; (b) the level of new sales to new customers; and (c) the continued impact of Covid-19. 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 and bank facilities. Having assessed the principal risks and the other matters discussed in connection with the going concern statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated interim financial statements.

Various sensitivity analyses (including downside and severe downside scenarios) have been performed to reflect a variety of possible cash flow scenarios where the Group achieves significantly reduced revenues, and loss of significant contracts for the twelve months following the date of this Interim Results Report. Overall, the Directors have prepared cash-flow forecasts covering a period of at least 12 months from the date of approval of the Interim Results Report, which foresee that the Group will be able to operate within its existing facilities.

While the Directors have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations, should this occur, the Group may need to seek additional funding beyond the facilities that are currently available to it, as well as making significant reductions in its fixed cost expenses.

4. Segmental Analysis

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 two segments: Tungsten Network (which includes the e-invoicing and spend analytics business of Tungsten Network), 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 Adjusted EBITDA which is an adjusted profit measure which reflects earnings before net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items.

The most directly comparable IFRS measure to Adjusted (excluding lease payments) EBITDA is operating profit/(loss) for the period. Management utilises Adjusted (excluding lease payments) EBITDA to monitor performance as it illustrates the underlying performance of the business by excluding items management considers 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.

Six months ended 31 October 2021

	Tungsten Network[2] £'000	Corporate £'000	Total £'000
Segment revenue	18,286	-	18,286
Adjusted (excluding lease payments) EBITDA[1]	6,504	(2,969)	3,535
Depreciation and amortisation	(1,735)	(329)	(2,064)
Foreign exchange gain	563	5	568
Share-based payment credit/(expense)	27	(56)	(29)
Exceptional items	(1,189)	-	(1,189)
Finance income	519	317	836
Finance costs	(697)	(321)	(1,018)
Profit/(loss) before taxation	**3,992**	**(3,353)**	**639**
Taxation charge	(11)	-	(11)
Profit/(loss) for the period	**3,981**	**(3,353)**	**628**
As at 31 October 2021			
Capital expenditure	1,226	-	1 226
Total assets	74,488	5,138	79,626
Total liabilities	16,348	7,124	23,472

1 Adjusted (excluding lease payments) EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items. The most directly comparable IFRS measure to Adjusted (excluding lease payments) EBITDA is operating profit/(loss) for the period. Management utilises Adjusted (excluding lease payments) EBITDA to monitor performance as it illustrates the underlying performance of the business by excluding items management considers 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.

2 The Tungsten Network Finance segment has been discontinued and any assets and liabilities have been included within the Tungsten Network segment.

Six months ended 31 October 2020

	Tungsten Network £'000	Corporate £'000	Total £'000
Segment revenue	18,013	-	18,013
Adjusted (excluding lease payments) EBITDA[1]	3,465	(2,098)	1,367
Depreciation and amortisation	(1,902)	(385)	(2,287)
Impairment of goodwill	(26,160)	-	(26,160)
Foreign exchange loss	(882)	1	(881)
Share-based payment credit/(expense)	39	(104)	(65)
Exceptional items	(1,273)	(593)	(1,866)
Finance income	795	274	1,069
Finance costs	(987)	(677)	(1,664)
Loss before taxation	**(26,905)**	**(3,582)**	**(30,487)**
Taxation charge	(4)	-	(4)
Loss for the period	**(26,909)**	**(3,582)**	**(30,491)**
As at 31 October 2020			
Capital expenditure	1,743	-	1,743
Total assets	75,987	7,318	83,305
Total liabilities	17,912	7,866	25,778

1 Adjusted (excluding lease payments) EBITDA is calculated as earnings before net finance cost, tax, depreciation and amortisation, impairment of goodwill, impairment of intangible assets, impairment of right of use assets, impairment of leasehold improvements, loss on disposal of assets, foreign exchange gain or loss, share-based payment expense and exceptional items. The most directly comparable IFRS measure to Adjusted (excluding lease payments) EBITDA is operating profit/(loss) for the period. Management utilises Adjusted (excluding lease payments) EBITDA to monitor performance as it illustrates the underlying performance of the business by excluding items management considers 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.

2 The Tungsten Network Finance segment has been discontinued and any results, assets and liabilities have been included within the Tungsten Network segment.

5. Exceptional Items

	31 October 2021 (unaudited) £'000	31 October 2020 (unaudited) £'000
Settlement of employment claim	1,189	-
Restructuring and redundancy costs	-	1,340
Board operating review	-	408
Professional advice	-	118
Total exceptional items	**1,189**	**1,866**

The exceptional item charge of £1.2 million relates to the settlement of an employment claim.

6. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings/loss per share is calculated by dividing the profit/loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period and the weighted average diluting effect of share options.

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

	31 October 2021 (unaudited)			31 October 2020 (unaudited)		
	Profit £'000	**Shares '000**	**Earnings per share pence**	Loss £'000	Shares '000	Loss per share pence
Basic	**628**	**126,335**	**0.50**	(30,491)	126,097	(24.18)
Diluted	**628**	**126,849**	**0.50**	(30,491)	126,097	(24.18)

The Group has made a loss in the prior year and therefore the share options are anti-dilutive. As a result, diluted earnings per share is presented on the same basis for the prior period.

7. Goodwill & Intangible assets

	Goodwill	Customer relationships	IT platform	Software	Software development under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1 May 2020	99,128	11,121	7,307	11,503	2,260	131,319
Additions	-	-	-	130	1,558	1,688
Exchange differences	(134)	(5)	(115)	(20)	(7)	(281)
Balance at 31 October 2020	**98,994**	**11,116**	**7,192**	**11,613**	**3,811**	**132,726**
Additions	-	-	-	52	846	898
Reclassification	-	-	-	2,776	(2,776)	-
Disposal	-	-	-	-	(99)	(99)
Exchange differences	(246)	(9)	(213)	(38)	(19)	(525)
Balance at 30 April 2021	**98,748**	**11,107**	**6,979**	**14,403**	**1,763**	**133,000**
Additions	-	-	-	-	1,124	1,124
Exchange Differences	60	3	52	10	-	125
Balance at 31 October 2021	**98,808**	**11,110**	**7,031**	**14,413**	**2,887**	**134,249**
Accumulated amortisation and impairment						
Balance at 1 May 2020	23,040	3,717	7,022	3,786	-	37,565
Charge for the period	-	277	281	1,123	-	1,681
Impairment charge	26,160	-	-	-	-	26,160
Exchange differences	-	(4)	(115)	(11)	-	(130)
Balance at 31 October 2020	**49,200**	**3,990**	**7,188**	**4,898**	**-**	**65,276**
Charge for the period	-	273	-	1,148	-	1,421
Impairment charge	-	100	-	-	-	100
Exchange differences	(68)	(9)	(212)	(19)	-	(308)
Balance at 30 April 2021	**49,132**	**4,354**	**6,976**	**6,027**	**-**	**66,489**
Charge for the period	-	273	3	1,367	-	1,643
Exchange Differences	27	2	52	2	-	83
Balance at 31 October 2021	**49,159**	**4,629**	**7,031**	**7,396**	**-**	**68,215**
Net book value						
As at 30 April 2021	49,616	6,753	3	8,376	1,763	66,511
As at 31 October 2021	**49,649**	**6,481**	**-**	**7,017**	**2,887**	**66,034**

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 31 October 2021 (unaudited)	As at 30 April 2021 (audited)
	£'000	£'000
Tungsten Network	**49,649**	49,616
Total Goodwill	**49,649**	49,616

During the period, the Group has achieved lower revenues than anticipated at the year end, whilst maintaining strong EBITDA growth. Therefore, we have conducted an impairment review of our goodwill and concluded that the carrying value is supported and impairment was not required. Goodwill at 31 October 2021 was £49.6 million (30 April 2021: £49.6 million).

The recoverable amount of the Tungsten Network CGU which was established as £78.1 million at 31 October 2021 (FY21: £79.3 million) using a value-in-use model projecting cash flows for the next five years together with a terminal value using a growth rate. This is against a carrying value of £70.0 million (FY21: £70.8 million) giving headroom of £8.1 million (FY21: £8.5 million).

We used four scenarios to calculate the value-in-use ranging from up to 12% growth in our upside scenario, up to 8% growth in our base case scenario and included a risk of much smaller growth (up to 3% and up to 0%) in our downside and severe downside scenarios. In addition, costs growth has now been set at 4% for the upside scenario, 2% for the base case scenario, 1.5% for the downside scenario and 0% for the severe downside scenario. Pre-tax discount rate of 14.2% (FY21: 14.5%) and long-term growth rate of 2.0% (FY21: 2.0%) were used.

An increase of 0.5% in the pre-tax discount rate would result in a £3.5 million reduction in value in use to give headroom of £4.6 million. A decrease of 1.0% in the long term growth rate would result in a £6.5 million reduction in value in use to give headroom of £1.6 million.

Reasonable possible changes in key assumptions, both individually and in combination, have been considered. These are applied to the base case scenario and include reducing revenue growth by 3% to 0.5% in FY23 and 5% FY24 to FY26; and reducing long term growth rate by 1%.

While, under the base case scenario, the recoverable amounts are estimated to exceed the carrying value by £8.1 million, the recoverable amounts would be below the carrying amounts when applying the reasonable possible changes below: reduction of revenue growth rate against the base case by 3.0%; and reduction of revenue growth rate against the base case by 3.0% and reducing long term growth rate to 1%.

For all other reasonable possible changes in key assumptions, no impairment arises.

8. Property, plant and equipment

	Right of use assets £'000	Leasehold improve-ments £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
Balance at 1 May 2020	9,853	2,342	298	795	13,288
Additions	-	-	1	21	22
Exchange differences	2	-	(4)	(7)	(9)
Balance at 31 October 2020	**9,855**	**2,342**	**295**	**809**	**13,301**
Additions	32	-	-	2	34
Disposals	(372)	(215)	(13)	-	(600)
Exchange differences	(119)	(17)	(9)	(29)	(174)
Balance at 30 April 2021	**9,396**	**2,110**	**273**	**782**	**12,561**
Additions	42	46	-	14	102
Disposals	-	-	-	(76)	(76)
Exchange differences	15	-	2	3	20
Balance at 31 October 2021	**9,453**	**2,156**	**275**	**723**	**12,607**
Accumulated depreciation					
Balance at 1 May 2020	4,335	958	233	666	6,192
Charge for the period	421	111	20	54	606
Exchange differences	(21)	-	(4)	(5)	(30)
Balance at 31 October 2020	**4,735**	**1,069**	**249**	**715**	**6,768**
Charge for the period	397	117	12	40	566
Impairment of assets	1,121	544	-	-	1,665
Disposals	(372)	(215)	(12)	-	(599)
Exchange differences	(70)	(12)	(7)	(28)	(117)
Balance at 30 April 2021	**5,811**	**1,503**	**242**	**727**	**8,283**
Charge for the period	327	61	9	24	421
Disposals	-	-	-	(73)	(73)
Exchange differences	15	-	2	4	21
Balance at 31 October 2021	**6,153**	**1,564**	**253**	**682**	**8,652**
Net book value					
At 30 April 2021	3,585	607	31	55	4,278
At 31 October 2021	**3,300**	**592**	**22**	**41**	**3,955**

9. Provisions

	Leasehold property dilapidations £'000	Onerous contracts £'000	Other provisions £'000	Total £'000
As at 1 May 2020	1,236	20	-	1,256
Additions	1	-	362	363
Utilised during the year	(76)	(20)	-	(96)
As at 31 October 2020	**1,161**	**-**	**362**	**1,523**
As at 30 April 2021	**1,161**	**-**	**362**	**1,523**
Additions	-	-	1,480	1,480
Utilised during the year	-	-	(204)	(204)
As at 31 October 2021	**1,161**	**-**	**1,638**	**2,799**

	As at 31 October 2021 £'000	As at 30 April 2021 £'000
Analysis of total provisions:		
Non-current	**1,160**	1,160
Current	**1,639**	363
Total	**2,799**	1,523

The provisions for dilapidations include the estimated costs of removal of installed assets under lease contracts, which includes a provision for the London office of £1,160,000 (FY21: £1,160,000) which is expected to be utilised in FY29 and for the Malaysia office of £1,000 (FY21: £1,000) expected to be utilised in FY22. Other provisions relate to on-going legal matters.

10. Cautionary Statement

This document contains certain forward-looking statements relating to Tungsten Corporation plc (the 'Company'). The Company considers any statements that are not historical facts as 'forward-looking statements'. They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the Company to differ materially from those contained in any forward-looking statement. These statements are made by the Directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

INDEPENDENT REVIEW REPORT TO TUNGSTEN CORPORATION PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2021 which comprises consolidated statement of comprehensive income; consolidated statement of financial position; consolidated cash flow statement; consolidated statement of changes in equity; and associated notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2021 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants

London

10 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).