The **LiveData** Company

WANDISCO PLC

ANNUAL REPORT AND ACCOUNTS 2019

Wide Area Network distributed computing

WANdisco is the LiveData company for machine learning and AI.

WANdisco solutions enable enterprises to create an environment where data is always available, accurate and protected, creating a strong backbone for their IT infrastructure and a bedrock for running consistent, accurate machine learning applications. With zero downtime and zero data loss, WANdisco Fusion keeps geographically dispersed data at any scale consistent between on-premises and cloud environments allowing businesses to operate seamlessly in a hybrid or multi-cloud environment.

WANdisco has over a hundred customers and significant go-to-market partnerships with Microsoft Azure, Amazon Web Services, Google Cloud, Oracle, and others as well as OEM relationships with IBM and Alibaba.

Read more about what we do from page 4

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REASONS TO INVEST IN WANDISCO

We are the experts in distributed computing

25
patents granted

Our customers rely on us to help them meet the accelerating demand for cloud services

70%
of CIOs have a cloud-first strategy

We have strong relationships with our customers and partners

25
partners and system integrators

We continue to innovate and introduce new products, expanding our addressable market

$8.3m
investment in new technology

We create value for our customers, employees and partners

162
employees

Read more about our business model from page 12

CONTENTS

2019 highlights

FINANCIAL HIGHLIGHTS

Revenue ($m)

$16.2m

19	16.2
18	17.0
17	19.6
16	11.4
15	11.0

Cash overheads ($m)[1]

$31.7m

19	31.7
18	29.8
17	24.5
16	23.4
15	34.6

Adjusted EBITDA ($m)[2]

$(11.7)m

19	(11.7)
18	(9.4)
17	(0.6)
16	(7.5)
15	(16.0)

Statutory loss for the year ($m)

$(28.3)m

19	(28.3)
18	(19.7)
17	(13.5)
16	(9.3)
15	(29.9)

Cash ($m)

$23.4m

19	23.4
18	10.8
17	27.4
16	7.6
15	2.6

Note: Throughout this document, alternative performance measures have been used which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See Note 6 for details.

1 Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 11 for a reconciliation.

2 Operating loss adjusted for: depreciation, amortisation and equity-settled share-based payment. See Note 11 for a reconciliation.

3 The 2019 figures include the adoption of IFRS 16 "Leases" and the prior years have not been restated and are prepared on an IAS 17 basis. See Note 5 for a reconciliation.

2019

JANUARY

Secured first multi-cloud contract win

Launch of jointly engineered SQL product launch with IBM

FEBRUARY

Achieved Advanced Technology Partner status with AWS

$17.5m
Raised by subscription for shares

APRIL

$2.15m
New contract with Chinese customer

JUNE

Launched LiveMigrator product

$0.75m
New contract with Chinese customer

JULY

New partnerships with Databricks and Neudesic

OPERATIONAL AND STRATEGIC HIGHLIGHTS

- WANdisco Fusion deeply embedded in Microsoft's Azure cloud:
  - A native Azure offering, providing a fast and easy way to establish data connectivity from on-premises to cloud storage.
  - Providing seamless customer experience and appearing as a native first party Azure service.
  - Delivering tight integration, reducing deployment complexities through eliminating the customer need to plan data deployment or accommodate networking and storage options.
  - Billing delivered through existing Azure billing service ensures customers do not require additional vendor approval.
- LiveMigrator launched enabling uninterrupted petabyte scale data migration to the cloud.
- LiveAnalytics launched providing access to Spark-based analytics in the cloud.
- Partnered with Databricks to provide rapid data migration to Azure Databricks.
- Achieved Advanced Technology Partner status with Amazon Web Services.
- Secured c$5m in contract renewals and expansions in China.
- Raised $34m in two share placings completed at a premium to market at the time.
- Appointed Micro-D Master Distributor for Africa.

Post period end

- Microsoft Azure LiveData Platform public preview with expectation to sign over 50 new customers on the Azure platform over the next twelve months.
- Secured first global reseller agreement with a large global systems integrator.
- Implemented business continuity measures in response to COVID-19.

Learn more about our highlights from page 6

SEPTEMBER

Launch of LiveAnalytics for cloud migration

NOVEMBER

Announced jointly developed Microsoft Azure embedded solution

Appointed Master Distributor for Africa

$16.5m
Raised by subscription for shares

DECEMBER

$1m
Contact expansion with Chinese customer

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Consistent data everywhere

Keeping data consistent in a distributed environment is a massive challenge. WANdisco Fusion, an enterprise-class software platform, solves the exponentially growing challenge of keeping unstructured data available across diverse IT environments regardless of geographic location, architecture, or cloud storage provider.

Used by enterprises worldwide, our technology is based on a high-performance coordination engine called DConE, which uses consensus to keep Hadoop and object store data accessible, accurate, and consistent in different locations across any environment – on-premises, hybrid-cloud, multi-region and multi-cloud. WANdisco Fusion is a foundation for a modern cloud data strategy – a LiveData strategy – because it prevents data disasters, de-risks data migration to the cloud, and simplifies hybrid and multi-cloud data management.

WANDISCO FUSION OVERVIEW

Protects customers' investment
No downtime, no outages, and no risk with guaranteed near-zero RTO and RPO.

Transforms IT economics
Create a bedrock for performance by fully utilising hardware previously reserved for backup and recovery.

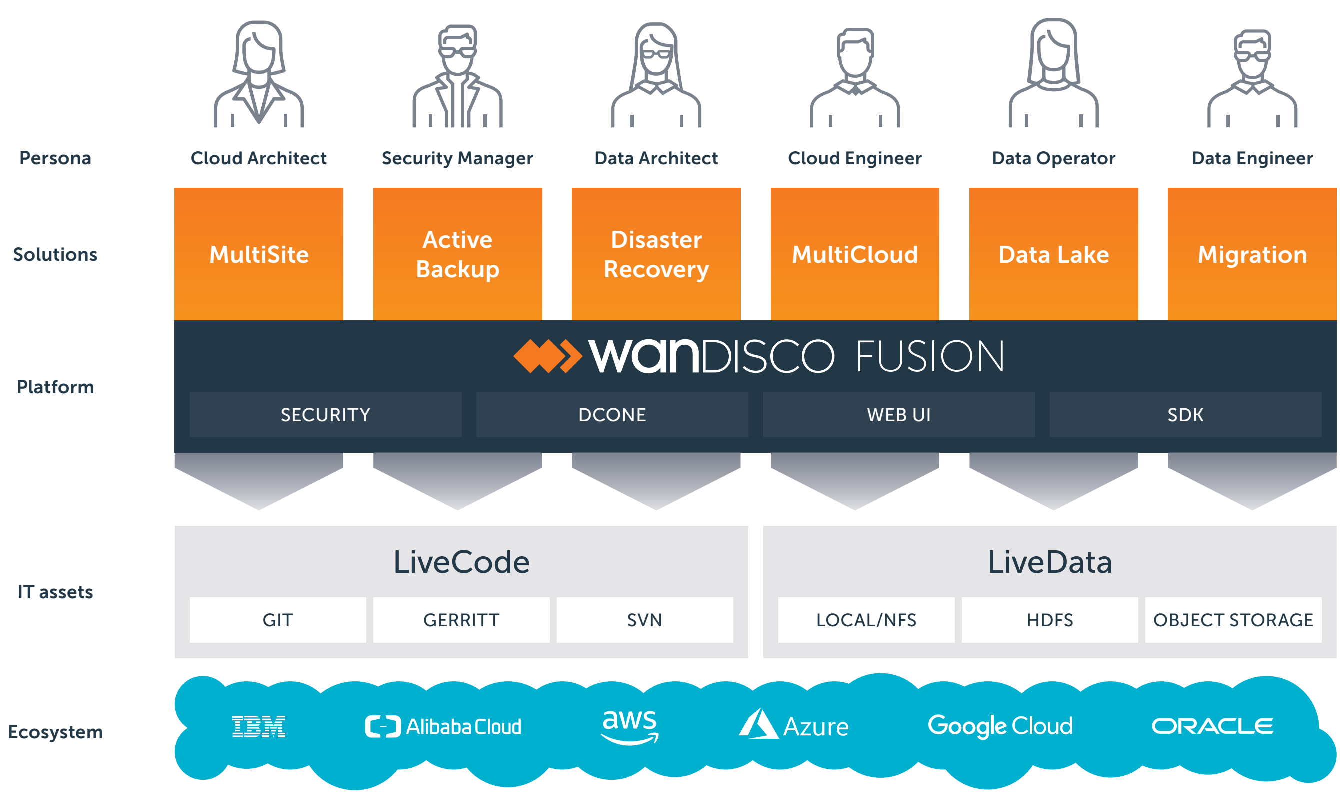
Break through legacy constraints
Put all customers' data to work for the business and innovate without worrying that IT investments will be left behind.

LIVEDATA STRATEGY

WANdisco makes data globally accessible and consistent everywhere with a LiveData strategy. Alleviating the challenges of siloed data, a LiveData strategy ensures that enterprise data stays accurate, accessible, and consistent across your global IT environment. With a LiveData strategy, every user and every application has always-available data, regardless of geographic location, data platform architecture, or cloud storage provider.

A PLATFORM FOR ANY IT ARCHITECTURE

Geo-distributed data doesn't need to slow down digital transformation



A year of breakthrough

In 2019 we delivered on our primary strategic goal of cementing our partnership with Microsoft to embed Fusion into Azure which positions the Group for significant scalable growth. With the Microsoft Azure LiveData Platform becoming publicly available post period end as a paid service within Azure, we expect to facilitate a greater volume and velocity of deals.

2019 highlights

- WANdisco Fusion deeply embedded in Microsoft's Azure cloud.
- LiveMigrator launched enabling uninterrupted petabyte scale data migration to the cloud.
- LiveAnalytics launched providing access to Spark-based analytics in the cloud.
- Achieved Advanced Technology Partner status with Amazon Web Services.
- Appointed Micro-D Master Distributor for Africa.

BUSINESS REVIEW

2019 was a significant year for WANdisco. We delivered on our primary strategic goal, cementing our partnership with Microsoft to embed Fusion into Azure, allowing customers to use Fusion as if it was a native Azure offering. As an Azure embedded product, customers can deploy WANdisco Fusion just by selecting it from the same Azure menu they use for native Microsoft products, and the charges added on their monthly Azure bill. No software to install, no new contracts to sign. Post period end, the product became publicly available as a paid service which we expect to facilitate a greater volume and velocity of deals than we have experienced in prior years.

We have focused our development efforts on products that provide customers with simple, robust transition paths as more and more companies are looking for solutions to move their on-premises Hadoop data to the cloud. Our LiveMigrator product, coupled with our Fusion product, will allow customers to make the transition from on-premises to cloud computing as easy and as seamless as possible.

In June 2019, we introduced LiveMigrator, a solution enabling the migration of petabyte scale live data to the cloud. LiveMigrator's automated process enables enterprises' on-premises data to be seamlessly migrated to the cloud and WANdisco's core Fusion technology keeps the migrated data consistent with on-premises data. WANdisco LiveMigrator enables for the first time the migration of petabyte scale data to the cloud without interruption to service. Working in harmony with WANdisco Fusion, the Company can now support businesses through their entire live data journey from on-premises to multi-cloud.

In September 2019, we introduced LiveAnalytics to provide live business insights when migrating Hadoop analytic workloads from on-premises to Spark-based analytics in the cloud. This solution allows both migrated and migrating data to be immediately available for analysis. LiveAnalytics works in tandem with WANdisco's LiveMigrator, its petabyte scale, non-blocking, single scan data migration technology.

The launch of these solutions further advances WANdisco's complementary suite of scalable LiveData solutions for cloud. WANdisco's technology covers the entire data journey from on-premises to cloud through LiveMigrator (enabling single scan, non-blocking movement to the cloud), LiveAnalytics (continuous data analytics during cloud migration) and WANdisco's LiveData for Hybrid and Multi-cloud solution.

Learn more about our solutions from page 8

With WANdisco's suite of complementary technologies, enterprises are now truly free to choose the analytics platform they want in the cloud and make the best decision for the business as a whole.

We have also partnered with Databricks, the leader in unified analytics and founded by the original creators of Apache Spark™, to accelerate and dramatically simplify the migration of on-premises Hadoop analytics workloads to Azure Databricks. In combination with our LiveAnalytics solution, enterprises get the best of both worlds – seamless and secure migration of petabyte-sized data to the cloud and the power of strong, cloud-based analytics. With this partnership, enterprises have a powerful option to quickly and painlessly move their organisation to the cloud and take advantage of increased productivity, security and insightful data analytics available to employees anywhere at any time.

We had significant success with new and expansion orders from our customers in China, and have also secured a contract with Micro-D, one of Africa's most established IT companies. Through its network of resellers and partners, Micro-D will deploy WANdisco's suite of products to enable cloud migration alongside continuous data availability and consistency for customers. This contract marks a significant entry for WANdisco into the high growth African market, with Fusion to be implemented across major enterprises in Africa.

Learn more about our partnerships from page 14

COVID-19 update

The COVID-19 pandemic has led to the implementation of long-standing business continuity measures, with staff working from home across the globe. As a predominantly distributed organisation, working remotely for most employees is normal and, to date, we have not seen any negative impact on our productivity. The business remains well placed to weather a prolonged period of self-isolation with good teamwork and employee morale. We also believe that the improvements made to how we operate will continue and evolve further when the COVID-19 crisis ends. To date, we have experienced minimal effects to our customer base and order flow, and have not reduced employee-based costs.

Whilst the impact of COVID-19 is still uncertain, we are moving forward this year with continued business momentum as evidenced by our landmark agreement with Microsoft announced in June 2020.

Outlook

Our cloud platform partners, and our ISV partner Databricks have recognised the huge opportunity of moving Hadoop data into the cloud. With the changing dynamics in the Hadoop on-premises market, and companies seeking to leverage cloud economics and scalability, the time to capitalise on this opportunity is now. The embedding of our technology into Azure provides a platform to capitalise on that opportunity with an Azure native service taking advantage of billing and technical integrations. With LiveData Platform for Azure now publicly available we can execute against the growing pipeline of opportunities to move data at scale into the cloud without an interruption to service. Outside of Azure, we are also seeing growing demand from our other cloud partners as the need to capitalise on the cloud and move on-premises workloads becomes a business imperative. The Board's confidence in our outlook is built upon the convergence of the market opportunity, product readiness, and the commitments from our partners.

David Richards
Chairman and CEO
29 June 2020

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The Board's confidence in our outlook is built upon the convergence of the market opportunity, product readiness, and the commitments from our partners.

David Richards
Chairman and CEO

Enterprise data transformation requires WANdisco

Business success now depends on how effectively organisations utilise their data. To do so companies are modernising their data architecture, and moving their Hadoop deployments to the cloud.

In the cloud, companies can take advantage of inexpensive, scalable storage and compute platforms leveraging an OPEX model. Cloud service providers ("CSPs") are able to spin massive compute clusters up or down automatically, helping organisations optimise costs and reduce the need for people with deep expertise in managing such deployments. CSPs have also enhanced their big data solutions providing greater functionality over native Hadoop offerings, and greatly simplifying the complexities for organisations having to manage their own Hadoop implementations.

While the move to the cloud and machine learning enabled cloud analytics are making companies more competitive, lean and nimble, there are very few big data migrations that can be switched overnight from an on-premises to a public cloud platform without significant business risk. Migrating a petabyte scale data lake to the cloud, with no business disruption, while keeping massive volumes of data consistent with the on-premises platform, presents complex technical challenges, and can require many IT resources, resulting in high costs or potential project delays. These risks are pervasive in manual data migration projects and are preventing some organisations from their big data to cloud migration due to their fear of lost productivity.

This presents a significant opportunity for WANdisco. Only WANdisco's LiveData capabilities deliver zero downtime during migration, zero data loss and 100% data consistency even while data sets are under active change. These capabilities will be essential for successful big data to cloud transformations.

MARKET TRENDS

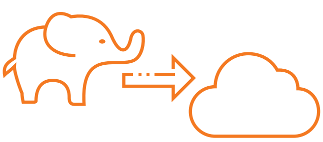
According to Gartner, Hadoop deployments in the cloud increasingly use cloud-based object stores; 57% of Gartner Data & Analytics adoption survey respondents are already using cloud object storage and 39% are planning to within the next two years.

Top four reasons cited by WANdisco survey respondents for migrating data to the cloud include:

1. Adopt scalable cloud storage
2. Cloud analytics
3. Disaster recovery
4. Hybrid cloud enablement

38% of WANdisco survey respondents indicated they have not yet started to migrate data to the cloud. The #1 reason given was fear of lost productivity.

USE CASES



Hadoop to Cloud

According to Gartner, more than

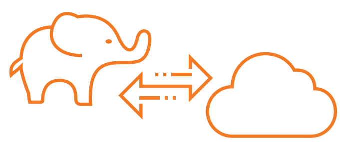
50%

of data migration initiatives will exceed their budget and timeline – and potentially harm the business – because of flawed strategy and execution.

WANdisco survey respondents indicated that top-three items driving their data migration costs are:

1. Create, manage, schedule and maintain custom scripts
2. Manually bring data back into sync
3. Manual intervention for anticipated failures

Manual approaches are fraught with business risk. WANdisco's automated approach greatly reduces the business risk and potential for budget overruns with zero downtime, zero data loss and 100% data consistency.



Hybrid Cloud

IDC estimates

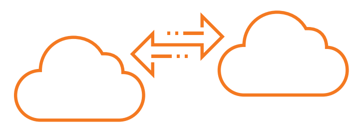
80%

of new application deployments will include a hybrid-cloud component.

WANdisco's LiveData capabilities enable true hybrid architectures.

Existing on-premises environments can be used as disaster recovery sites, and also continue to be used for production workloads along with the new cloud environments.

WANdisco's LiveData capabilities ensure data is kept consistent across all environments even while under active change.



MultiCloud

Gartner indicates

80%

of respondents using public cloud are using more than one cloud service provider ("CSP").

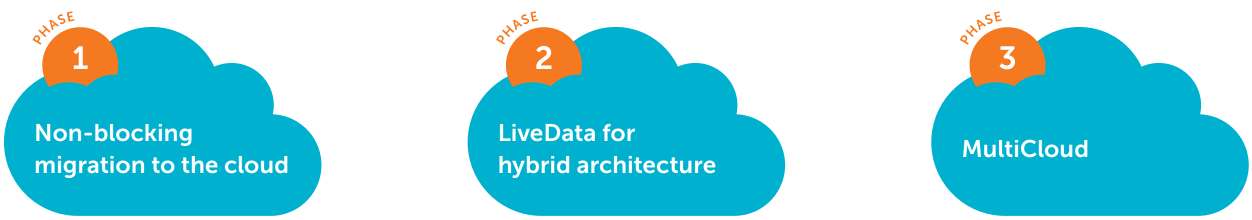
Gartner recommends that data and analytics leaders: "Do not try to restrict the use of multiple clouds; it will be a losing battle".

All trends indicate that multi-cloud deployments will continue to become more prevalent, and integration across clouds will be essential.

WANdisco LiveData for MultiCloud is the ideal solution to this challenge. It enables applications to access and modify data in mixed environment object stores (e.g. Azure Data Lake Storage, Amazon S3, etc.) ensuring data is available and consistent across all of them.

ENABLING A DATA-FIRST APPROACH FOR ENTERPRISE CLOUD ADOPTION

Typically, we see organisations follow three stages in their big data cloud adoption. The stages promote a data-first approach to migration which aligns with the strategy Microsoft and others are promoting. Without the data, the application migration becomes a pointless exercise.



LiveMigrator

The first stage is to move on-premises data to the cloud to implement a modern data architecture and take advantage of all the benefits of the cloud as described on the previous pages. WANdisco LiveMigrator enables organisations to do so while greatly reducing their business risk with zero downtime, zero data loss and 100% data consistency even while data sets are under active change.

Hybrid Cloud

Once the initial data migration has taken place, many customers are choosing to utilise a hybrid architecture where both the existing on-premises environment and new cloud environment are actively used. With WANdisco's LiveData capabilities organisations are able to ensure their data is kept consistent across the on-premises and cloud environments.

MultiCloud

Although many companies are already using more than one CSP, most are currently using them for different applications and have not truly integrated the data across those environments. Gartner has pointed out that integration of data across clouds is a "deep challenge", but that data and analytics leaders must prepare for the complexities. This is a significant long-term opportunity, and WANdisco LiveData for MultiCloud is the ideal solution enabling applications to access and modify data in mixed environment cloud object stores.

CASE STUDY

Capital Group

How could Capital Group migrate its large and rapidly changing data sets to Azure, and replicate data to multiple, geographically distributed cloud instances once it was there?

Goal

Owing to the vital nature of the analytics service, regulators insist on high availability.

Challenge

Capital Group wanted to protect its on-premises business-critical analytics processes, and chose to implement cloud-based backup and disaster recovery on Microsoft Azure.

With WANdisco

Capital Group deployed WANdisco Fusion to enable near-zero RPO and RTO for disaster recovery, securing its critical analytics data and meeting regulatory demands.

Capital Group has:

- near-zero RPO and RTO disaster recovery and satisfies regulatory demands;
- point-in-time backups of current to safeguard against data corruption;
- access to a single, consistent version of current data at all endpoints regardless of location;
- user and permission details alongside data, ensuring users do not lose access after recovery; and
- no vendor lock-in by enabling replication of data to multiple cloud platforms.

"

WANdisco Fusion provides the best way to help safeguard against business downtime and disruption in the long term, without implementation downtime. Even as source data changes, WANdisco Fusion ensures we have consistent data at all endpoints, whether on-premises or on Microsoft Azure.

Spokesperson
Capital Group

CASE STUDY

WANdisco and Microsoft jointly develop Azure Data Lake Migrator

Together with Microsoft, WANdisco is extending its capabilities from being listed on the Azure marketplace to creating a solution where the customer experience is seamless and equivalent to that of a native Microsoft application.

Launched post year end, the jointly developed, deeply embedded solution in Microsoft's Azure cloud will:

- act as a native Azure offering, providing the fastest and easiest way to establish data connectivity from on-premises to cloud storage;
- provide seamless customer experience and appear like an Azure first party service;
- deliver tight integration, reducing deployment complexities through eliminating the customer need to plan data deployment or accommodate networking and storage options; and
- allow application developers, for the first time, to be able to rely upon guaranteed data availability at scale and across any data location. This enables the acceleration of distributed application development without fear of data loss or data consistency issues. As such, data availability becomes part of the fabric of application development in the cloud.

ADVANTAGES OF DEEP INTEGRATION WITH AZURE

Feature	Advantage
Metered billing through existing Azure billing	No procurement process (vendor approvals) – existing Azure subscription ID and agreements used to purchase
Security integration (access control, Active Directory, Azure Policies)	De facto access to Azure resources and deployed as a "trusted" application
Featured in Azure Marketplace and Portal	Over 1 billion marketplace and portal users
Turnkey development	Zero WANdisco involvement in deploying software
Scaling	Simplified deployment choices for performance and throughput needs

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When first announced in July, I called this co-development deal "one of the most important and exciting developments in our journey to date" – this remains true today.

Close cooperation with Microsoft has been pivotal to bring these advanced capabilities to customers as quickly as possible. This partnership will embed WANdisco Fusion into native Azure for the first time, forming part of the infrastructure of the Azure cloud.

WANdisco and Microsoft are delivering data replication with a policy-driven approach, with the ability to manage cloud infrastructure as easily as if it were code, signalling a new era of "data availability as a service".

David Richards
Chairman and CEO

A strong platform for growth

Our foundational technology ensures that an organisation's data is always available, always accurate and always protected – wherever it is located and at any scale.

OUR RESOURCES

Knowledge

Our development team has strong domain experience and knowledge in algorithm design and information network security.

IP, technology and infrastructure

The WANdisco Fusion platform is built on unique, patented technology.

Partnerships

We have developed a strong network of partnerships to facilitate sales generation through our OEM partners and co-sell arrangements.

Read about our partnerships from page 14

Read more about our markets from page 8

WHAT WE DO

Our DConE technology

Our game-changing, patented DConE technology, used in WANdisco Fusion and our other products, uses consensus to keep unstructured data accessible, accurate and consistent in different locations.

WANdisco Fusion

WANdisco Fusion enables a LiveData strategy, which ensures data stays accurate and consistent across all business application environments, regardless of geographic location, data platform architecture or cloud storage provider.

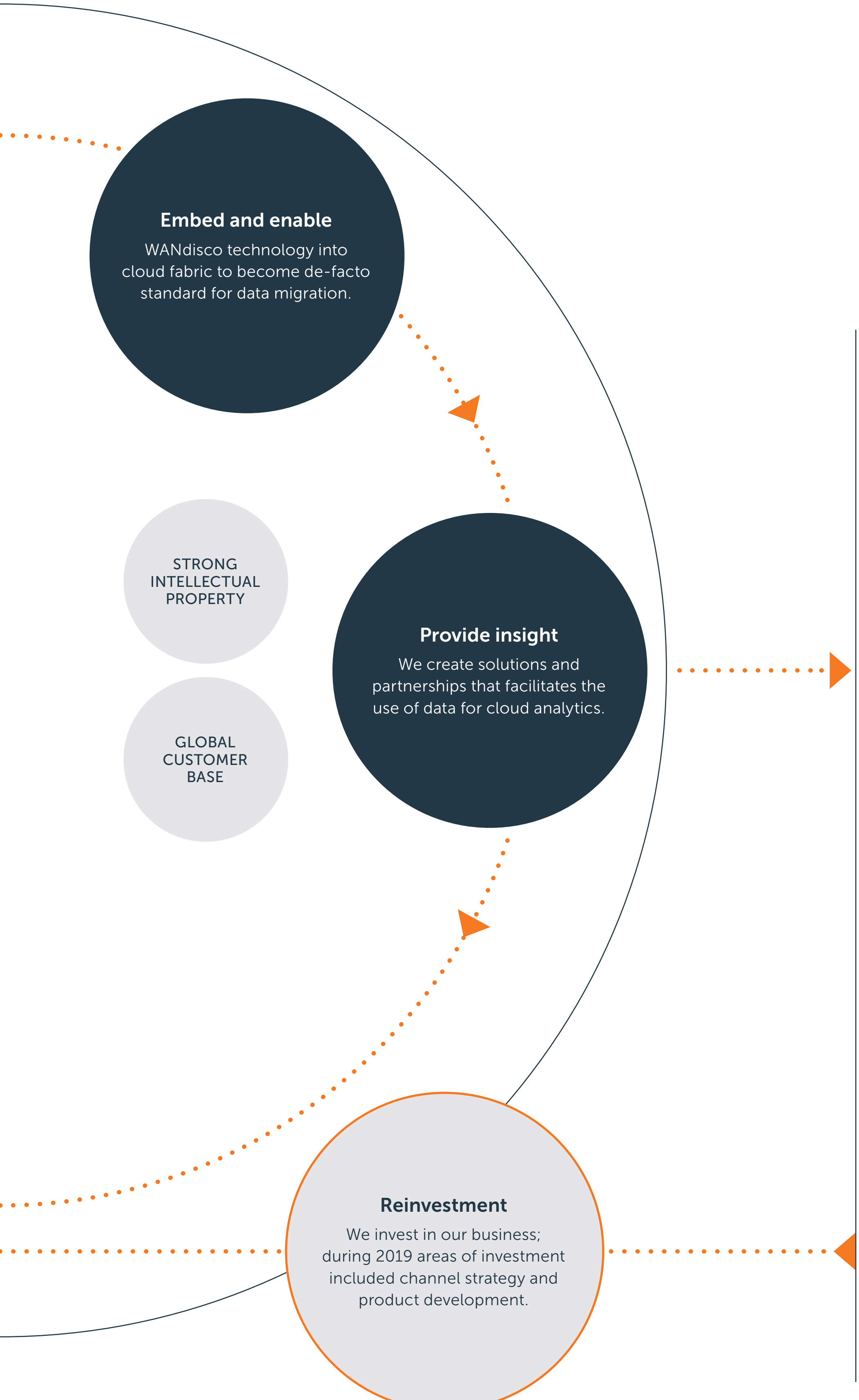
Our key strengths

EXPERIENCED WORLD-CLASS LEADERSHIP TEAM

SIGNIFICANT SALES RELATIONSHIPS

Our strategy

We are accelerating the speed to market of solutions co-developed with our partners and exploring how our technology can address challenges in new technologies such as blockchain.



THE VALUE WE CREATE

For customers

The ability to put all their data to work for their business all the time, at any scale.

$8.3m

investment in new technology

For employees

The growth of the business has provided many opportunities for existing and new colleagues and we continue to invest in developing and retaining our people and strengthening the team.

162

employees

For partners

We have an expanding network of partners and system integrators, all of which are dedicated to meeting the needs of our customers.

25

partners and system integrators

Read more about our value creation from page 1

Read more about our strategy from page 16

Deepening partnerships

Together with our partners, we are growing, innovating and investing in ways to help customers transform their businesses with WANdisco solutions.

Gold Microsoft Partner Microsoft

About the partnership

WANdisco's partnership with Microsoft helps customers migrate data to the Microsoft Azure cloud rapidly and easily, and exploit the power and capabilities of the Microsoft Azure environment.

2019 update

- Microsoft Gold Partner
- Launched integrated solution with Azure Databricks
- Joint development for embedded Azure Data Lake Migration ("ADLM") solution
- Achieved co-sell status for WANdisco LiveAnalytics for Azure Databricks and WANdisco Fusion

aws

About the partnership

WANdisco helps customers easily migrate data to Amazon Simple Storage Service (S3) in order to quickly leverage the benefits and capabilities of AWS.

2019 update

- Exceeded 2019 AWS APN Program requirements
- Launched integrated solution with AWS Databricks
- Sales momentum and strengthening field alignment in NA and EMEA
- Participant in Big Data Competency Development

databricks

About the partnership

The combination of WANdisco LiveAnalytics and Databricks Delta Lake accelerates cloud adoption and modernises big data analytics.

2019 update

- Developed LiveAnalytics for both Azure and AWS, an integrated solution with Databricks
- Launched LiveDeltaLake for Databricks across multiple cloud environments
- Launched Co-Marketing Program
- Initiated joint field enablement based on co-developed sales assets
- Began regional leadership connections and account pursuit

SYSTEM INTEGRATORS AND DISTRIBUTORS

WANdisco works with consulting and system integrator partners which provide expertise, technology skills and solutions that better enable customer success. Our partners can quickly move to market with WANdisco due to their existing Hadoop experience and understanding of the needs of the Hadoop community. WANdisco partners synergistically have existing relationships with clients and client providers to which they provide cloud services such as big data migration, backup, disaster recovery and high availability.

2019 update

- Engaged regional and global system integrators directly with several key customers
- Embedded WANdisco solution into their migration practice offering
- Developed a recruiting and onboarding methodology to scale the partner programme

Recruit → **Ready** → **Engage**

Strong progress across our strategic initiatives

DEEPENING PARTNER RELATIONSHIPS

Importance

The channel partnerships we have established are significant as:

- they provide WANdisco with access to vast sales teams, adding significant global and horizontal market reach;
- they allow us to drive more revenue at lower cost; and
- their endorsement of WANdisco Fusion strengthens our brand and our portfolio of partners.

We continue to seek opportunities to expand our sales channels.

2019 achievements

- Improved partner status with Microsoft by embedding Fusion in Azure;
- Achieved Advanced Technology Partner status with AWS; and
- Appointed Micro-D Master Distributor for Africa.

CONTINUED CUSTOMER TRACTION

Importance

WANdisco's technology solves critical data management challenges across cloud computing and Big Data for enterprise customers and their service providers.

Our product is a platform for any IT architecture.

We identify development projects that will enhance our technology and increase its ease of use and functionality for customers and end users, and we listen to existing customers and potential customers and our channel partners for future requirements.

2019 achievements

- Launched LiveData for Multicloud at the end of 2018, which was followed by the launch of LiveMigrator and LiveAnalytics during 2019.

PEOPLE DEVELOPMENT

Importance

We want to provide an environment where we attract, retain, develop and enable all our people to demonstrate, grow and apply their capabilities, offering opportunities for everyone to reach their potential.

2019 achievements

- Enhanced our management team with several key senior hires in product development, marketing, business development and sales;
- Provided new opportunities internally resulting in a number of internal job moves and promotions; and
- Enhanced our benefits package to employees globally.

Priorities for 2020

- Focus on new partner channel and their development;
- Expand channel account manager model; and
- Expand partner channel further.

Link to KPIs

- Revenue.
- Cash overheads.

Priorities for 2020

- Capitalise on multi-cloud opportunity; and
- New products launched to expand addressable market.

Link to KPIs

- Revenue.

Priorities for 2020

- Continue to develop our team with internal job moves and promotions; and
- Enhance our team with quality new external hires.

Link to KPIs

- Revenue.
- Cash overheads.

Read about how we manage risk from page 20

Find our KPIs on page 19

Summary of achievements

Sales channel development

Of all the significant developments WANdisco has delivered in 2019, the further execution of our indirect sales plan has been the most strategically important.

In 2016, WANdisco was primarily a direct sales organisation, with a market reach that was limited by our finite sales force. During 2017, we won or deepened strategic relationships with market-leading IT and cloud providers, including IBM, Dell EMC and go-to-market partnerships with Amazon Web Services, Microsoft Azure, Google Cloud and Oracle.

During 2018 these partnerships were further enhanced. WANdisco entered a new OEM agreement with Alibaba Cloud and also achieved co-sell status through the Microsoft One Commercial Partner Program.

In February 2019 WANdisco received Advanced Technology Partner status with Amazon Web Services in the AWS Partner Network, which is the highest tier for Technology Partners that provide software and internet solutions in the AWS Partner Network.

During 2019 the relationship with Microsoft was further enhanced to embed Fusion into Azure, allowing customers to use Fusion as if it was a native Azure offering.

As an Azure embedded product, customers can deploy WANdisco Fusion just by selecting it from the same Azure menu they use for native Microsoft products, and the charges added on their monthly Azure bill. No software to install, no new contracts to sign. The product is now publicly available as a paid service which we expect to facilitate a greater volume and velocity of deals than we have experienced in prior years.

Solving data management challenges

Summary of achievements continued

Sales channel development continued

Driving channel sales success: supporting our partners

During 2019 we continued to invest in developing our channel strategy, enhancing the dedicated channel account managers for key partner accounts introduced in 2018 and dedicated software engineering teams. Their remit is to work with technology partners on the closer integration of our technologies and to accelerate speed to market with our joint solutions. We will continue to develop this model further including extending to our new partners.

Supporting our customers and partners is a more efficient use of our resources and will ultimately drive faster and more profitable revenue growth.

The indirect sales plan: a breakdown by channel

WANdisco continues to target third party technology companies and cloud platform providers who want to embed, offer or recommend our Fusion product as part of or an extension to their platforms. We will continue to seek opportunities to form closer partnership relationships.

Product innovation

WANdisco's technology solves critical data management challenges across cloud computing and Big Data for enterprise customers and their service providers. The ability to continuously replicate at vast scale to the cloud and on-premises data centres with guaranteed consistency, availability and no business disruption, frees companies to innovate in the way they exploit data for new business insights and initiatives.

WANdisco Fusion

WANdisco Fusion is our next-generation replication platform, an architecture that supports a wider range of data environments than our original Hadoop deployments.

WANdisco Fusion for Multicloud

In October 2018, we announced the launch of WANdisco LiveData for Multicloud. This enterprise replication software enables a LiveData platform for a multi-cloud environment, ensuring data accuracy and consistency for business applications in any combination of major cloud environments. WANdisco LiveData for Multicloud was borne from the cross-industry imperative to have data accessibility and availability in heterogeneous cloud data environments.

In addition, we have introduced greater flexibility in the way our partners and their customers can use our technology. Additional plug-ins mean WANdisco Fusion can address a wider range of use cases, including large-scale data migration between data centres and the use of cloud storage "appliances".

In January 2019 we announced a new joint engineered solution with IBM to support relational database technology for the first time, significantly expanding our addressable market. The IBM Db2 Big SQL solution was jointly engineered between IBM and WANdisco to extend the capability of IBM Big Replicate (IBM's product name for WANdisco Fusion) to support scenarios where customers are looking to take advantage of hybrid cloud.

In June 2019 we introduced LiveMigrator, a solution enabling the migration of petabyte scale live data to the cloud. LiveMigrator's automated process enables enterprises' on-premises data to be seamlessly migrated to the cloud and WANdisco's core Fusion technology keeps the migrated data consistent with on-premises data.

In September 2019, we introduced LiveAnalytics to provide live business insights when migrating Hadoop analytic workloads from on-premises to Spark-based analytics in the cloud. This solution allows both migrated and migrating data to be immediately available for analysis. LiveAnalytics works in tandem with WANdisco's LiveMigrator, its petabyte-scale, non-blocking, single scan data migration technology.

Product protection: safeguarding our IP

WANdisco's technology continues to be unrivalled in the marketplace. Until we developed WANdisco Fusion, there was no practical or affordable way for companies to keep mass-scale real-time data consistently and continuously replicated across distance.

Our IP – as embodied in WANdisco's DConE and the products we have built from this – is well protected. To date, we have filed more than 48 patents, and 25 have been granted already. We also have a head start of more than fourteen years over any potential competition. This early foothold, and the ongoing improvements we are making from experience with real-world applications of our technology at massive scale, continue to ensure our market advantage.

Product plans for 2020 and beyond

Our product strategy will continue to evolve in line with our indirect sales strategy, with further enhancements designed to capitalise on the cross-industry opportunities and high-growth use cases we have identified. Our main focus for 2020 will be to accelerate the speed to market of solutions co-developed with or optimised for our strategic partners.

Building foundations for continued growth

Our KPIs reflect our financial performance in 2019

Commentary on the actual performance of the Group against each of these KPIs is set out in the Chairman and Chief Executive's report and the Financial review.

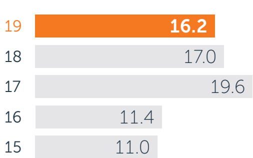
Changes to KPIs this year

We have updated our KPIs this year to more accurately reflect our progress and performance.

We replaced our bookings KPI with a new KPI which measures subscription as a % of revenue.

Revenue ($m)

$16.2m



Definition and calculation

Total of all revenue streams generated by the Group.

Performance in 2019

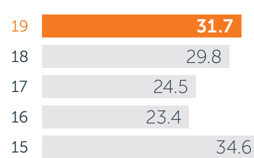
Revenue was marginally lower in 2019, reflecting an increased shift to cloud-based revenues with recurring annual revenues and some deals that were delayed to future years.

The small decrease in revenue included strong renewals and new contract growth offset by some deals that were delayed into a future period.

Links to strategy

Cash overheads ($m)

$31.7m



Definition and calculation

Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment.

Performance in 2019

Cash overheads increased in the year as we continued to make investments in go-to-market resources and engineering. In addition, we invested in our strategic partnerships with additional development.

Links to strategy

Subscription as a % of revenue

69%

Definition and calculation

Total subscription revenue (term licences and maintenance and support) as a % of total revenue.

Performance in 2019

Subscription revenue increased as a % of sales due to our ongoing shift towards cloud-based revenue, which is typically annual recurring in nature. We expect this trend to continue in future periods.

Links to strategy

Key: Deepening partner relationships; Continued customer traction; People development

Ensuring risks are assessed and managed

The Group's operations expose it to a variety of risks.

Effective risk management aids decision-making, underpins the delivery of the Group's strategy and objectives, and helps to ensure that the risks the Group takes are adequately assessed and actively managed.

The Group regularly monitors its key risks and reviews its management processes and systems to ensure that they are effective and consistent with good practice. The Board is ultimately responsible for the Group's risk management.

The risk management process involves the identification and prioritisation of key risks, together with appropriate controls and plans for mitigation, which are then reported to the Board. As with all businesses, the Group is affected by a number of risks and uncertainties, some of which are beyond our control.

The table opposite shows the principal risks and uncertainties which could have a material adverse impact on the Group.

This is not an exhaustive list and there may be risks and uncertainties of which the Board is not aware, or which are believed to be immaterial, which could have an adverse effect on the Group.

Risk management framework

BOARD

Leadership of risk management, sets strategic objectives and risk appetite and monitors performance

Accountable for the effectiveness of the Group's internal control and risk management processes

Read about corporate governance from page 35

AUDIT COMMITTEE

Delegated responsibility from the Board to oversee risk management and internal controls

Oversees the effectiveness of the Group's internal control and risk management processes

Monitors the independence and expertise of the external auditor

Find the Audit Committee report from page 40

EXECUTIVE DIRECTORS

Communicate and disseminate risk policies

Support and help management to assess risk

Encourage open communication on risk matters

Assess materiality of risks in the context of the whole Group and monitor mitigation and controls

Find the Board of Directors from page 30

Strategic report

PEOPLE

Risk description	Potential impact	Risk mitigation	Risk change
Our future success depends on retention of senior management and key technical personnel. Whilst much of our proprietary knowledge is documented, our technical experts contribute valuable skills and knowledge and, despite contractual confidentiality agreements, there can be no guarantee that those individuals will not in the future join competitors or establish themselves in competition. During the year the headcount increased from 148 to 162. This movement was a targeted increase in the R&D, sales and customer support teams to provide investment in our product and sales channel strategy. It is essential that we retain and motivate our workforce and attract the right talent in the case of any replacement and new hires in the future.	This may in turn impact our ability to attract and retain key talent, affecting our achievement of strategic objectives and performance milestones.	Our human resources function oversees employee communications to ensure, given our rapidly developing markets, employees' understanding of our strategic direction enables them to make meaningful contributions to the achievement of our goals. Stock-based compensation has continued to be an important component of retaining, motivating and attracting key talent.	Decrease During 2019 we significantly enhanced our team through key hires. In addition, we have enhanced the benefits package to our employees globally and enhanced share option participation.

FINANCING

Risk description	Potential impact	Risk mitigation	Risk change
Our product, Fusion, addresses a still-emerging market in which we have limited forward visibility, and we continued to be a loss-making business in 2019.	This could adversely impact our ability to fund investment in our business to achieve our strategic goals.	Our own and partner sales pipelines continue to grow, and we have continued to build on the OEM relationship established with IBM during 2016 and expanded other partnerships. Operating costs increased during the year due to some targeted investment in R&D, sales and customer support teams. We have prepared a detailed budget and forecasts of the Group's expected performance over a period covering at least the next twelve months from the date of the approval of these financial statements. As well as modelling the realisation of the sales pipeline, these forecasts also cover several scenarios. During the year there were two share subscriptions, one in February 2019 which raised $17.5m of gross proceeds and the other in November 2019 which raised $16.5m gross proceeds. Following the year end a share subscription raised $25m of gross proceeds. We maintain close relationships with our principal and potential providers of finance and continue to review the need for additional or alternative funding. See also Note 2(b).	No change At 31 December 2019 the Group's cash resources increased to $23.4m (2018: $10.8m).

Key — Deepening partner relationships — Continued customer traction — People development

COMPETITION

Risk description	Potential impact	Risk mitigation	Risk change
There can be no guarantee that competitors will not develop superior products. Competitors may have or develop greater financial, marketing or technical resources, enabling them to successfully develop and market competing products. As the open-source software on which we depend is licensed for free, our ability to sell value-added products may be limited by potential customers opting to rely purely on the underlying open-source software, together with any free extensions that might be developed to address the same challenges that our software resolves.	This could adversely impact market share, growth, revenue, margin and overall profitability.	We protect our intellectual property by securing patents whenever possible. To date, we have filed more than 48 patents, 25 of which have been granted. We continue to dedicate significant resource to the constant enhancement of our core intellectual property. Senior management devotes considerable time and resource to monitoring product releases by potential competitors in the data replication software market. During the year, we have continued to invest in our technologies and there were further new releases of our products.	No change During 2019 there was no change in our competitive environment.

CHANNEL PARTNER ENGAGEMENT

Risk description	Potential impact	Risk mitigation	Risk change
We are in partnership with an array of vendors that offer on-premises and cloud solutions. Some of these partnerships are relatively new business relationships. There is a risk that we mismanage these relationships or that partners decide not to devote significant sales or product integration resource to our offerings.	This could adversely impact our partner relationships and the success of these relationships.	We have established a customer success team who are focused on supporting our customers and partners, developing new partner relationships and creating new commercial propositions that derive long-term value from these relationships.	No change During 2019 we added a new Master Distributor for Africa and embedded Fusion into Microsoft Azure.

RESOURCE ALLOCATION AND OPERATIONAL EXECUTION

Risk description	Potential impact	Risk mitigation	Risk change
We address a significant and rapidly growing market, but, as a small company, we have limited people and capital resources. Over time it will be essential to keep adding to and refreshing this resource, but always it will remain essential that we ensure that resource is effectively directed to addressing and delivering on our strategic goals.	This could result in the balance of resources not being focused on the right strategic goals.	We have a business planning process which aims to ensure the investments we make and the allocation of existing resource are aligned with our strategic goals, which in turn are responsive to the evolution of our marketplace. We continued to improve internal financial reporting and cost control processes. These financial reports are regularly monitored by senior management and the Board.	No change

PRODUCTS

Risk description	Potential impact	Risk mitigation	Risk change
The software on which our products is based is complex and the products may contain undetected defects which may be discovered after first introduction. Such defects could damage the Group's reputation and reduce revenue from subscription renewals and extensions. Many of our products are designed for use with open-source software, whose development, by the open-source community, we do not solely control. Changes to its structure and development path may impair the effectiveness of our products. Regulation of data transfer is rapidly evolving and additional regulations concerning user privacy, content liability, data encryption and copyright protection may reduce the value added by our products.	If we fail to develop and manage a prioritised strategy for our products that delivers against customer and partner needs, there is a financial risk that customers will go elsewhere.	We have invested in quality control processes and training within our engineering team. We have a dedicated team committing code to relevant open-source tools to ensure our products interact well with open-source components and to monitor evolving open-source projects to which we could potentially add commercial value. Our product roadmap is based on requirements expressed by customers and partners with whom we are pursuing sales opportunities. Our product managers are mandated to propose roadmap alterations if regulations render our intended features either more or less relevant.	No change During 2019 we continued to successfully release new versions of our products.

SALES

Risk description	Potential impact	Risk mitigation	Risk change
Any economic downturn may have an adverse effect on the funds available for customers to invest in our products. Increasing budget scrutiny may periodically extend sales cycles, from customers' evaluations through to commencement of subscription contracts. Variability of sales cycles across different sizes and types of customer may bring volatility to our quarterly results. Any new sales executives joining the business, in a rapidly changing marketplace, may take longer than expected to reach full productivity in concluding sales transactions.	This could adversely impact our achievement of our revenue goals and expansion of our customer base and use cases.	Our products enable significant savings on data storage and processing and, therefore, demand should be relatively insensitive to economic conditions. Our strategy is oriented to generating a broad-based set of sales opportunities, across regions, industries, sizes of customer and technology use cases. We have invested in senior management and systems to manage the completion of sales engagement in an efficient and commercially beneficial manner.	No change

COVID-19

Risk description	Potential impact	Risk mitigation	Risk change
The COVID-19 pandemic was declared a global health emergency by the World Health Organization on 31 January 2020. The worldwide spread of COVID-19 has resulted in public health responses in affected regions, including travel bans and restrictions, social distancing requirements and shelter-in-place orders.	Global slowdown of economic activity could negatively impact our business, operations and financial performance.	Having employees work remotely, cancelling all non-essential employee travel, and cancelling, postponing or holding virtually events and meetings. Strict review of non-essential expenses and cash flow. Significant fundraise post year end.	Increase New risk this year. The severity, magnitude and duration of the COVID-19 pandemic, the public health responses and the economic consequences are uncertain, rapidly changing and difficult to predict, and the pandemic's impact on our operations and financial performance, as well as its impact on our ability to successfully execute our business strategies and initiatives, remains uncertain and difficult to predict.

Key — Deepening partner relationships — Continued customer traction — People development

ERIK MILLER, CHIEF FINANCIAL OFFICER

Significant progress with partners

Significant progress with Microsoft and partnerships underpin the Board's confidence in our strategy and product focus.

2019 highlights

- Targeted increases in expenditure to support our channel and product development.
- Successfully raised $34m from existing shareholders in two rounds in 2019.
- Raised $25m following the year end.

Revenue for the year ended 31 December 2019 was $16.2m (2018: $17.0m).

Deferred revenue from sales booked during 2019 and in previous years, and not yet recognised as revenue, is $3.8m at 31 December 2019, at 31 December 2018 this stood at $4.3m. Our deferred revenue represents future revenue from new and renewed contracts, many of them spanning multiple years.

Adjusted EBITDA loss[2] was $11.7m (2018: $9.4m), due primarily to the slight reduction in revenue and continued investments in the business.

Revenue

Revenue was $16.2m (2018: $17.0m), reflecting an increasing shift to cloud-based revenues with recurring annual revenues and some deals that were delayed to future years. The small decrease in revenue included strong renewals and new contract growth offset by some deals that were delayed into a future period.

Contract wins continue to exhibit variability in the timing of their completion.

Operating costs

Cash overheads[1] increased in the year as we made investments in go-to-market resources and engineering, rising to $31.7m from $29.8m in 2018. As we implemented IFRS 16[3] there was a small reduction in operating costs from the removal of $632,000 property rent and lease costs, which was offset by $573,000 depreciation expense on the right of use assets.

Product development expenditure capitalised was $5.1m in the year (2018: $4.9m). All of this expenditure was associated with new product features.

Our headcount was 162 as at 31 December 2019 (31 December 2018: 148). Headcount increases in the year were principally in sales and marketing and engineering as we added capacity to service our new and expanded channel partner relationships and develop new cloud-focused products.

Profit and loss

Adjusted EBITDA[2] loss for the year was $11.7m (2018: $9.4m).

The loss after tax for the year increased to $28.3m (2018: $19.7m), as a result of the lower revenue and increased overheads and share-based payment charge. The exceptional finance loss of $2.0m (2018: $2.8m gain) arose from the retranslation of intercompany balances at 31 December 2019, reflecting the increase in sterling against the US dollar. The impact of FX rates changes on the financial statements should be restricted to the retranslation of US dollar denominated intercompany loans, as opposed to the operating activities of the business. A translation gain arising on the net assets of overseas subsidiaries reported in reserves results in a minimal impact on the group net assets.

Balance sheet and cash flow

Trade and other receivables at 31 December 2019 were $8.5m (31 December 2018: $7.4m). This includes $2.8m of trade receivables (31 December 2018: $1.8m) and $5.7m related to non-trade receivables (31 December 2018: $5.6m).

Net consumption of cash was $19.4m before financing (2018: $16.7m), resulting in a closing cash balance of $23.4m at 31 December 2019. The consumption of cash was due primarily to lower revenues and a modest increase in cash overheads. At 31 December 2019, we had drawings under our revolving credit facility with Silicon Valley Bank of $2.2m.

Subsequent events

On 12 June 2020 the Group announced a placing (which was approved by General Meeting on 29 June 2020) for the subscription of 3,100,000 new ordinary shares of 10 pence each in the Company (comprising 2,362,515 placing shares and 737,485 direct subscription shares) at a price of 650 pence (a discount of approximately 12.2% to the Company's closing share price on 11 June 2020) raising gross proceeds of $25m. This represents 6.4% of the entire existing share capital of WANdisco. The proceeds will be used to support our relationships with strategic cloud partners and provide growth working capital.

The global expansion of the COVID-19 virus since the fiscal year end has resulted in macroeconomic uncertainty. Whilst there has been no material impact on the Group as at the date of this report, it is difficult to assess the short to longer-term impact of that uncertainty on the Group's operations.

As at 31 May 2020 the Group had cash reserves of $11.6 million.

Whilst the impact of COVID-19 is still uncertain, we are moving forward this year with continued business momentum as evidenced by our landmark agreement with Microsoft announced in June 2020. Management expects that the potential of the agreement with Microsoft will overcome any short-term headwinds from the economic uncertainty surrounding the impact of COVID-19.

IFRS 16 "Leases"

Like all companies, as required by the International Accounting Standards Board "IASB" the Group has initially adopted IFRS 16, "Leases" effective 1 January 2019. The effect of initially applying IFRS 16 is mainly attributed to the following:

- recognition of a right of use asset on the balance sheet;
- removal of the related rent expense and an increase in depreciation and interest expense;
- recognition of a liability for the present value of lease payments; and
- change to operating ratios in comparison to prior periods.

IFRS 16 establishes a comprehensive framework for accounting for leases. It replaced IAS 17, "Leases", the previous reporting standard. The Group has adopted IFRS 16 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

Erik Miller
Chief Financial Officer
29 June 2020

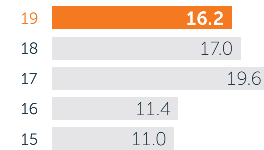
1 Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 11 for a reconciliation.

2 Operating loss adjusted for: depreciation, amortisation and equity-settled share-based payment. See Note 11 for a reconciliation.

3 Effective 1 January 2019, the Company adopted a new accounting standard ("IFRS 16 Leases"), which impacted the Company's treatment of operating leases. The Company adopted IFRS 16 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and IFRIC 4. In the interest of comparability during the transition year to IFRS 16, the Company has provided adjusted EBITDA and operating loss information in accordance with both IFRS 16 and under the previous lease accounting standard in effect prior to the adoption of IFRS 16 ("IAS 17 Leases"). See Note 5 to the consolidated financial statements for a reconciliation.

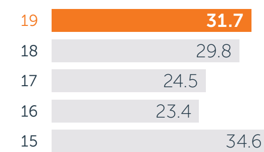
Revenue ($m)

$16.2m



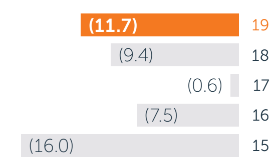
Cash overheads ($m)[1]

$31.7m



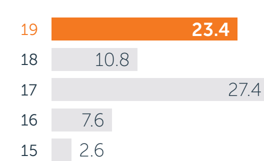
Adjusted EBITDA ($m)[2]

$(11.7)m



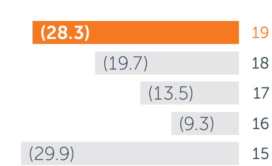
Cash ($m)

$23.4m



Statutory loss for the year ($m)

$(28.3)m



We are proud of our wealth of talent

WANdisco prides itself on its wealth of talent and its retention record. This is important given the competition for good software engineers. We have a strong track record of keeping people challenged, motivated and enthused by the complex scenarios our technology addresses.

OUR PRIORITIES

The Group recognises that, although its primary responsibility is to its shareholders, it also has responsibilities towards its employees, customers, partners, suppliers and also, ultimately, those consumers who benefit from its products, the broader public and the environment.

OUR PEOPLE

We want to provide an environment where we attract, retain, develop and enable all our people to demonstrate, grow and apply their capabilities, offering opportunities for everyone to reach their potential.

Priorities

- Attract, retain and develop our people.

Outcomes

- A number of successful new hires in the year in key roles.
- Grant from Invest Northern Ireland.
- Internal promotions with the business.

ENVIRONMENT

WANdisco's overriding purpose is to power the LiveData future in a responsible and efficient manner. We aspire to apply sustainability management standards equal to our business ambitions, and every day we strive to make a difference in the communities in which we operate.

Priorities

- Ensure low impact of our business on the environment.

Outcomes

- Investment in technology to collaborate and reduce physical travel to reduce the Group's environmental footprint.

SOCIAL AND COMMUNITY

As a company we have a strong ethos of giving back to the community. This includes fostering the next generation of data scientists.

Priorities

- Development of engineering skills in local schools, university and colleges.

Outcomes

- Work placement students and WANdisco Data Academy.
- Platform for employees to promote and raise awareness of charities important to them.

OUR PEOPLE

Delivering relevant talent

WANdisco prides itself on its wealth of talent and its retention record. This is important given the competition for good software engineers. We have a strong track record of keeping people challenged, motivated and enthused by the complex scenarios our technology addresses.

In addition to providing work that stretches our people, we operate a mentoring scheme for those joining us fresh from university or early in their careers. Our young engineers are given the chance to shadow and work alongside data scientists with PhDs, many of whom have 30 or more years' real-world experience. Our Chief Data Scientist, Inventor and Co-founder, Dr Yeturu Aahlad, who developed the complex mathematical algorithm that forms the basis of WANdisco's patented DConE technology, is well known for being highly approachable. Our younger employees say that their day-to-day contact with Dr Aahlad and other senior engineers is more inspiring and useful than weeks of classroom training. Dr Aahlad is recognised as a global authority on distributed computing. He has a PhD in the subject from the University of Texas, Austin, as well as a BSc in Electrical Engineering from the Indian Institute of Technology ("IIT"), Madras.

In 2019 we significantly strengthened our engineering team due to the addition of Dr Konstantin Boudnik who joined in September 2019 as our VP and Chief Architect.

California: Silicon Valley

Silicon Valley is a recognised centre of excellence for open-source development. In San Ramon, California, our engineering heritage goes back to our roots in the Hadoop open-source community. Today, some 11 developers are based here, including our Chief Data Scientist, Dr Yeturu Aahlad.

UK

Our employees in the UK come from all over the world and include graduates and PhD students from Queen's University, Belfast, Northern Ireland, which is globally acclaimed for its IT credentials. Sheffield is our European base and home to both our core technology development and customer support teams. In Belfast we also have part of our software development team, including the core of the WANdisco Fusion development team.

We continue to look for opportunities to achieve gender balance in our hiring policies, in addition to seeking the best professionals across the age and experience spectrum. Our approach continues to be to match the most appropriate person to the role, but in light of findings that female representation in technology companies is still below 20% in some Western markets, we have taken proactive steps, such as improving our maternity provision, to ensure that our Company policies are not a barrier to women considering IT as a long-term career. In addition, we have continued to take proactive steps during the year to attend local events which aim to encourage more women into careers in engineering. At a grass-roots level, we are also committed to attracting talented new generations to data science and are working with Sheffield Hallam University to support and nurture talent.

ENVIRONMENT

Reduction in our environmental impact

We are committed to managing our use of resources and proactively managing our environmental impact. We continue to focus our commitment on areas that are most relevant to WANdisco, our people and our customers.

We have invested in technology to try and encourage collaboration across our business and also with customers and partners to reduce business travel.

SOCIAL AND COMMUNITY

Delivering on corporate social responsibility

WANdisco's overriding purpose is to power the LiveData future in a responsible and efficient manner. We aspire to apply sustainability management standards equal to our business ambitions, and every day we strive to make a difference in the communities in which we operate.

As a company we have a strong ethos of giving back to the community. This includes fostering the next generation of data scientists. This commitment spans both sides of the Atlantic, from Sheffield in the UK, where the Company's British operations are based (and where CEO David Richards originates from) and the Belfast operation, to Silicon Valley, where WANdisco's North American operations are headquartered.

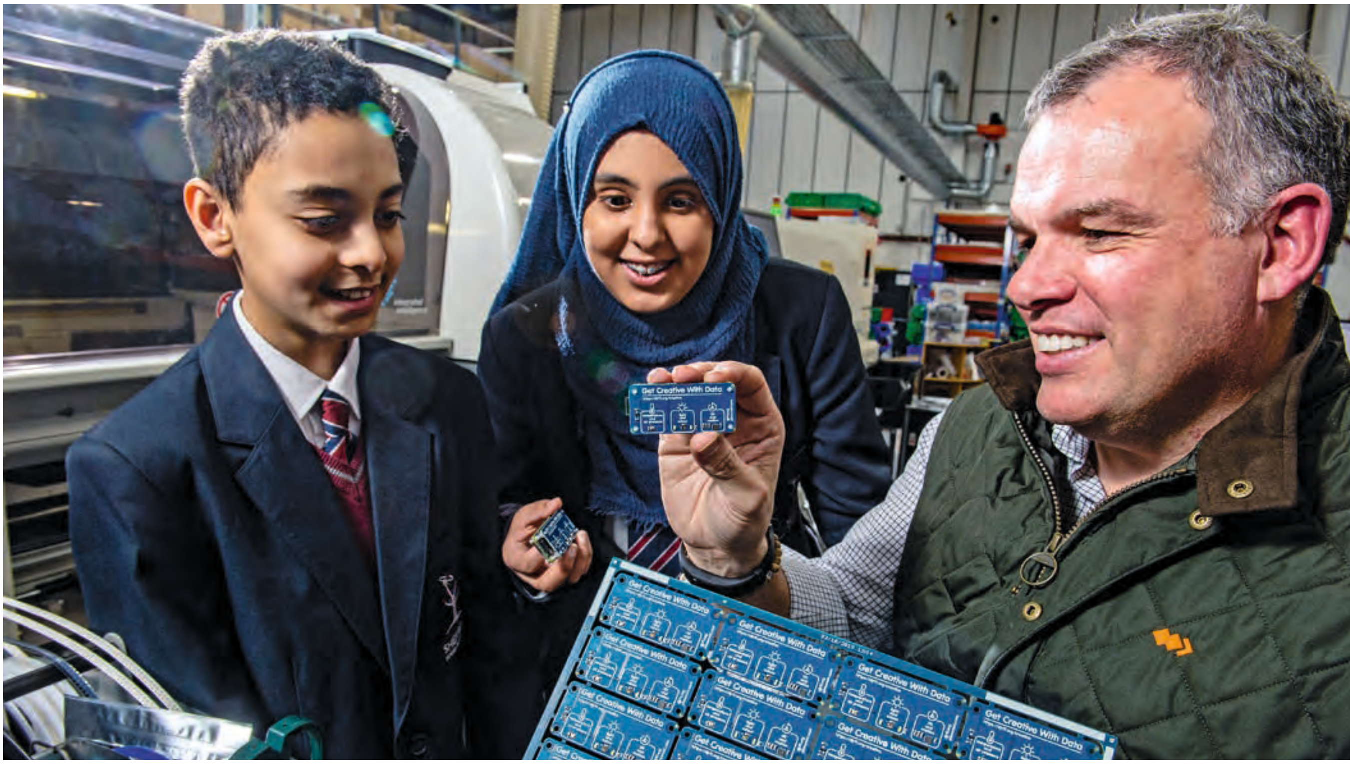
In 2019, the Company and its employees supported the following charitable and community causes:

The Sheffield UTC Academy Trust (University Technical College)

Members of our Sheffield team attended meetings with the Director of Computing at UTC Sheffield Olympic Legacy Park to encourage college students to consider careers in tech and widen their horizons on the types of jobs within the industry, and to help provide some ideas for project work.

Sheffield Hallam University interaction

During 2019 we have continued our practice to take Sheffield University placement students for twelve month placements. We have seen great success with this with students leaving at the end of their twelve months with the necessary skills to obtain employment within WANdisco. One student was taken on as a full-time member of the Customer Success team after their placement and University course was completed. We have engaged with Sheffield Hallam via their Preferred Placement scheme and secured further placement students for 2020.



School placements

We have provided work experience placements for secondary school children (Tapton Secondary School and Yewlands Academy) in Sheffield.

The Sheffield College WANdisco Data Academy

The WANdisco Data Academy was launched at the Sheffield College in September 2019. WANdisco has partnered with the college to provide an enhanced learning environment for students at the college. The students enter the academy via application and interview and during their time in the WANdisco-branded classrooms, will receive support from the Company by way of specialist speakers, workplace visits, special projects, masterclasses and interaction with employees. A selection of the students will also be able to take part in a placement year at WANdisco spending one day per week within the office, giving an insight into the business, and working on projects set up by experts in their field. Attendance at the WANdisco Academy has been reported as being high (94%), and feedback from the students has been "incredible".

David & Jane Richards Family Foundation, https://djrff.org

Through the charitable David & Jane Richards Family Foundation, WANdisco's CEO, David Richards, is investing in programmes to improve the way schools inspire children to learn about technology, specifically data science.

Although many schools have introduced creative ways to teach coding to even very young children, David wants to see schools inspiring pupils to use data and technology to solve real-world problems – skills he believes will be more useful to the economy in the future. Created in collaboration with both educational and industry experts, the foundation's pioneering "Get Creative with Data" course is currently being taught to over 1,000 KS3 students in eight schools across Sheffield and South Yorkshire, with ambitious plans for a wider rollout.

The Richards are also passionate about ecology and the environment, and are keen to help young people become advocates for a greener society. Amidst an ever-growing concern for the UK's dwindling bee population, the Foundation is funding the installation and running costs of beehives and bee colonies at a number of schools around Sheffield.

WANdisco believes in the importance of giving employees the opportunity to support charities and causes that are important to them and to raise awareness. To enable this, we created a platform for employees to post information on, and which allows other employees to donate to these charities if they wish. In the UK, the Sheffield office donated £3,000 to the Sheffield Children's Charity for the "Snowflake Switch On" in December 2019. This money raised an astonishing £336,200 for the hospital's "Build a Better Future" campaign, which will create a new emergency department, cancer ward and helipad.

Stay up to date with the latest news and investor information at wandisco.com

David Richards
N

Chairman, President, CEO and Co-founder

Age
49

Length of tenure
Appointed 11 May 2012 (Chairman from 6 October 2016)

Skills and experience
Since co-founding the Company in Silicon Valley in 2005, David has led WANdisco on a course for rapid international expansion, opening offices in the UK, Japan and China. David spearheaded WANdisco to a hugely successful listing on the London Stock Exchange (WAND:LSE) and, shortly after, the acquisition of AltoStor, which accelerated the development of WANdisco's first products for the Big Data market.

A passionate advocate of entrepreneurship, David has established and successfully exited several highly successful Silicon Valley technology companies. David was the founder and CEO of Librados, an application integration software provider, and led the company's acquisition by NASDAQ-listed NetManage, Inc. in 2005. David is a frequent commentator on a range of business and technology issues, appearing regularly on Bloomberg and CNBC. David holds a BSc in Computer Science from the University of Huddersfield.

After Paul Walker, the former Chairman, stepped down from the Board in October 2016, David took the role of Chairman. In 2017 David was awarded an Honorary Doctorate by Sheffield Hallam University in recognition of him being a champion of British technology and a passionate advocate of entrepreneurship.

David and his wife Jane founded the David & Jane Richards Family Foundation with the purpose to educate, empower and improve the lives of children through hands-on programmes and targeted assistance. They aim to encourage children to fulfil their potential and make a positive impact on the world around them. The first programmes commenced in 2018 in some state schools in the UK, where they will use new methods to teach computing skills and install beehives as part of a wider teaching curriculum.

External appointments
With over 20 years of executive experience in the software industry, David sits on a number of advisory and executive boards of Silicon Valley start-up ventures.

Bob Corey
A N R

Vice Chairman and Senior Non-executive Director

Age
68

Length of tenure
Appointed 19 November 2018

Skills and experience
Bob brings more than 30 years of executive and financial management experience in public and private companies in Silicon Valley with software and hardware companies.

Bob is highly experienced in managing the financial aspects of public companies; he has a strong history with Wall Street, and extensive mergers and acquisitions experience. He also has deep corporate governance acumen and has served on numerous boards in Silicon Valley as Chairman of the Board, Chairman of the Audit Committee, and a member on Compensation and Nomination and Governance Committees.

Formerly Bob was Chief Financial Officer of Callidus Software, a $2.4bn acquisition by SAP in April 2018. Until September 2017, he sat on the board and chaired the audit committee for Apigee, a $625m acquisition by Google. He has also served as the Chief Financial Officer of FrontRange Solutions USA Inc., an enterprise software company. Prior to FrontRange, Bob was a member of the board of directors at Extreme Networks, Inc., an ethernet solutions company, ultimately serving as Interim Chief Executive Officer and Executive Vice President and Chief Financial Officer. Bob has also served as a member of the board of directors for AmberPoint, Interwoven, Live Ops and Veraz Networks.

Bob began his career at Arthur Andersen, is a California CPA (not current), and has a Bachelor of Business Administration, Accounting from California State University at Fullerton. Bob is a Veteran of the United States Air Force, where he served as an Air Traffic Controller.

External appointments
None.

Erik Miller
N

Chief Financial Officer

Age
60

Length of tenure
Appointed 5 December 2016

Skills and experience
Erik was the Chief Financial Officer of Envivio, Inc., a NASDAQ-listed provider of video transcoding software, from February 2010 to January 2016, following its acquisition by Ericsson AB. From January 2008 to July 2009, Erik served as Chief Financial Officer at SigNav Pty. Ltd., a component supplier to the wireless industry, where he was responsible for finance and administration functions. From March 2006 to January 2008, he served as Chief Financial Officer at Tangler Pty. Ltd., a social networking company, where he was responsible for finance and administrative functions. Erik received a BS degree in Business Administration from the University of California, Berkeley.

External appointments
None.

Dr Yeturu Aahlad
Chief Scientist, Inventor and Co-founder

Age
62

Length of tenure
Appointed 23 February 2017

Skills and experience
Dr Aahlad is a recognised worldwide authority on distributed computing. He is named in 35 WANdisco patents, including US and international patents, continuations and divisionals. It was Dr Aahlad's vision and years of persistence that led to the invention of technology that many thought was impossible – that of Active-Active replication (WANdisco's patented DConE technology). Prior to WANdisco, Dr Aahlad served as the distributed systems architect for iPlanet (Sun/Netscape Alliance) Application Server. At Netscape, Dr Aahlad joined the elite team in charge of creating a new server platform based on the CORBA distributed object framework.

Prior to Sun/Netscape Dr Aahlad worked on incorporating the CORBA security service into Fujitsu's Object Request Broker. Dr Aahlad designed and implemented the CORBA event services while working on Sun's first CORBA initiative. Earlier in his career, Dr Aahlad worked on a distributed programming language at IBM's Palo Alto Scientific Center.

Dr Aahlad has a PhD in Distributed Computing from the University of Texas, Austin, and a BSc in Electrical Engineering from IIT Madras.

External appointments
None.

Grant Dollens
A N R

Non-executive Director

Age
41

Length of tenure
Appointed 9 October 2016

Skills and experience
Prior to founding Global Frontier Investments, LLC, Grant was an Investment Analyst and member of the investment committee for Ayer Capital, a long/short equity healthcare fund, where he was focused on medical devices, diagnostics, healthcare services, biotechnology and pharmaceutical investments. Prior to Ayer, Grant was an Associate in the healthcare group at BA Venture Partners (now Scale Ventures), where he sourced, evaluated and invested in private medical device, biotechnology, specialty pharmaceutical and healthcare service companies. Before BA Venture Partners, Grant was an Investment Banking Analyst in corporate finance at Deutsche Bank Alex. Brown focused on the technology sector.

Grant received his MBA from the Kellogg School of Management at Northwestern University, with majors in Analytical Finance, Management and Strategy, and Accounting. He received his BSc in Biomedical Engineering from Duke University.

External appointments
Grant founded Global Frontier Investments, LLC, a long-term oriented global equities fund, in 2010 and serves as its Portfolio Manager. Grant is also a member of the board of ColdQuanta, Inc.

Karl Monaghan
A N R

Non-executive Director

Age
57

Length of tenure
Appointed 5 December 2016

Skills and experience
Karl brings a wealth of capital markets and board experience. Prior to founding Ashling Capital, Karl has worked in corporate finance for Robert W. Baird, Credit Lyonnais Securities, Bank of Ireland, Johnson Fry and BDO Stoy Hayward. Additionally, he trained as a Chartered Accountant with KPMG in Dublin and holds a Bachelor of Commerce degree from University College Dublin.

External appointments
Karl is currently Managing Partner at Ashling Capital LLP, which he founded in December 2002, to provide consultancy services to both quoted and private companies.

Karl is also currently a Non-executive Director of AIM company CareTech Holdings plc.

Committee membership key
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- ☐ Committee Chairman

Strong and experienced leadership team

David Richards
Chairman, President, CEO and Co-founder

Erik Miller
Chief Financial Officer

Dr Yeturu Aahlad
Chief Scientist, Inventor and Co-founder

Read about our Board from page 30

Paul Scott-Murphy
VP Product Management – Platform

Length of tenure
Five years

Skills and experience
Paul has overall responsibility for WANdisco's product strategy for platform, including the delivery of product to market and its success. This includes directing the product management team, product strategy, requirements definitions, feature management and prioritisation, roadmaps, co-ordination of product releases with customer and partner requirements and testing. Previously Regional Chief Technology Officer for TIBCO Software in Asia Pacific and Japan. Paul has a Bachelor of Science with first class honours and a Bachelor of Engineering with first class honours from the University of Western Australia.

Dr Ramki Thurimella
VP Research & Development

Length of tenure
Two years

Skills and experience
Dr Thurimella has extensive experience in algorithm design and information security. He has published over 50 peer-reviewed papers and three book chapters in these areas. He held various senior positions at the University of Denver, including the Director of Cybersecurity and the Chair of Computer Science, and was Director of Engineering at P2 Energy Solutions and Software Architect and Project Manager at Symphony Media. Dr Thurimella has a PhD in Parallel Graph Algorithms from the University of Texas, Austin, and an MS in Computer Science from IIT Madras.

Anne Lynch
SVP Human Resources

Length of tenure
Three years

Skills and experience
Anne was the VP HR of Envivio, Inc. She was also the VP HR for Harmonic, Inc. as well as the Director General of Harmonic Europe. She has also held senior level positions at Quantum (Seagate), Schlumberger Limited and Computer Sciences Corporation ("CSC"). Anne earned her BA at Clarke University and completed graduate studies in Linguistics at Emory University and postgraduate studies at L'université Paris-Sorbonne. She has a Master of Arts degree in Business Leadership and Ethics from St. Mary's College of California.

Larry Webster
General Counsel and Company Secretary

Length of tenure
Six years

Skills and experience
Larry previously worked at Wilson Sonsini Goodrich & Rosati, a large California-based law firm, where he provided advice and services both to large corporations and emerging growth technology companies. He also had roles in Gunderson Dettmer, another Silicon Valley firm, and Hughes & Luce, a Dallas law firm. He started his legal career at telecommunications giant Northern Telecom in Texas. Larry holds a JD from Brigham Young University, a BSc in Business Management and a BA in Asian Studies, also from Brigham Young University.

Dr Konstantin Boudnik
VP and Chief Architect

Length of tenure
Less than one year

Skills and experience
Dr Konstantin Boudnik is one of the veteran developers of Apache Hadoop, co-author of Apache BigTop, the open-source framework for creation of software stacks and operation of data processing projects used by all commercial vendors of Hadoop-based platforms. With more than 20 years of experience in software development, Dr Boudnik was awarded with 16 US patents in distributed computing. Over the years, Dr Boudnik has founded a number of technological start-ups, and his consulting business delivers solutions for companies.

Keith Graham
SVP Global Sales

Length of tenure
Five years

Skills and experience
Keith previously spent nine years with TIBCO Software in Asia Pacific including serving for over five years as Regional Vice President and Managing Director of Australia and New Zealand. Keith worked at Librados as Vice President EMEA, where he was part of the founding team from start-up until the acquisition by NetManage. He was a Regional Director at Reuters Plc, where he was responsible for Reuters' $100m+ software solutions business. Keith holds an MA in Management Science and Information Systems Studies from Trinity College, Dublin.

Peter Scott
SVP Business Development – OEM Sales

Length of tenure
Eleven years

Skills and experience
Peter was a member of the sales management team at Empirix's Web Business Unit, which was acquired by Oracle. He was also part of the sales management team at Vecta Software, a CRM and business intelligence software vendor. He began his career with Sales Dynamics, helping early stage venture-backed technology companies establish sales processes that enabled them to achieve aggressive revenue targets. Prior to his career in technology sales, Peter spent six years in the British Army with the Royal Engineers.

Daud Khan
VP Corporate Development

Length of tenure
Two years

Skills and experience
Daud has spent the majority of his career following and commentating on infrastructure and application software companies and IT service companies. He was a Director in equity research at Canaccord Genuity covering UK technology companies. Previously at Berenberg, where he established its global technology research franchise. Daud has also had senior roles at JP Morgan Cazenove and Merrill Lynch. Daud qualified as an accountant (ACA) from PwC in 1999 and has an MA in Computer Science/Management Studies from the University of Cambridge.

Ian Wild
VP Product Management – Customer Experience

Length of tenure
Ten years

Skills and experience
Ian has been a part of the WANdisco team for over ten years, in that time progressing through a range of roles including technical sales, engineering and product management. Ian built and managed the rapid expansion of the UK based engineering teams before relocating to California in 2014 where he now owns customer experience as part of the product management function.

Justin Holtzinger
VP Engineering and Customer Success

Length of tenure
Two years

Skills and experience
Justin is a customer-focused leader with more than 20 years of experience and a proven track record of successfully building high-performance technology teams capable of delivering unmatched customer experiences during his seven-year career at EMC, where he held leadership roles in professional services, led their Global Data Migration Practice, and later led the global services product launch for EMC's high-performance Big Data compute appliance. Justin obtained his Master of Business Administration from St. Mary's of California.

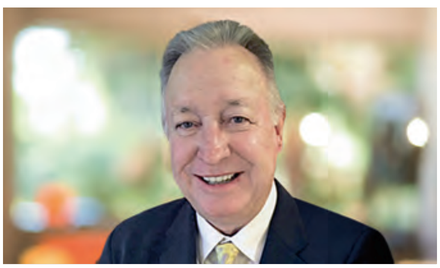
Van Diamandakis
SVP of Marketing

Length of tenure
Less than one year

Skills and experience
Van is a proven Silicon Valley technology executive with over 25 years of operational experience that draws upon his track record leading global marketing transformations, driving to meaningful financial events including IPOs and acquisitions. Van has been at the forefront of B2B technology marketing. Previously Van was a five-time CMO and held executive marketing positions at Oracle, WebEx, Riverbed Technology, Sage Business Cloud, Joyent and Persado AI. Van is a MBA graduate of The University of Iowa.

Effective governance and leadership

As an AIM-listed company the Board has adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code.



The Corporate governance statement, together with the information provided below and in the Audit Committee report, explains how WANdisco's governance framework works. As a Board, we recognise that we are accountable to shareholders for good corporate governance, and we seek to promote consistently high standards of governance throughout the Group. The Group promotes this culture within its strategy and management of risks and is continually analysing this, from information provided by the executive management team, to ensure compliance.

During the year, we have complied with the QCA Code with the following exception:

- David Richards fulfils the role of Chairman and CEO of the Company. David took on both roles following the resignation of the prior Chairman. Bob Corey was appointed in November 2018 as Senior Non-executive Director and Vice Chairman to better balance the roles of CEO and Chairman.

During the year under review, we have continued to evaluate the composition of our Board, but no further appointments have been made.

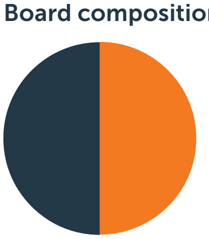
In considering refreshment of the Board and succession planning, the Board will have regard to ongoing developments and trends including in relation to matters such as diversity in its broadest sense. Whilst the Company pursues diversity, including gender diversity, throughout the business, the Board is not committed to any specific targets. Instead, the Board will continue to pursue a policy of appointing talented people at every level to deliver high-performance.

The Board holds all its strategic decision-making meetings at the Group's US offices and, as a result, takes the opportunity to meet with members of the Executive Team and to build on knowledge of the business. There are regular interactive presentations from, and discussions with, the Executive Team and, in 2019, these have included the topics of product strategy, partnerships and engineering progress.

Finally, the Annual General Meeting ("AGM") will be held at the UK Company's offices on 29 July 2020. Due to COVID-19 restrictions on people gathering, the AGM will be restricted to two attendees, both of whom will be shareholders for the purposes of forming a quorum. Unfortunately, other shareholders must not attend the AGM in person, but shareholders are strongly encouraged to exercise their vote on the matters of business at the AGM by submitting a proxy appointment and giving voting instructions. There will be a section on the Company website allowing shareholders to post any questions they might have.

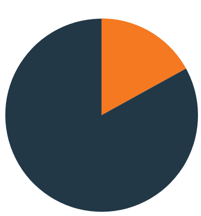
Bob Corey
Vice Chairman and Senior Non-executive Director
29 June 2020

Board composition



3 Non-executive Directors
3 Executive Directors

Tenure



1 0–3 years
5 3–5 years

Sector experience

	David Richards	Bob Corey	Erik Miller	Dr Yeturu Aahlad	Grant Dollens	Karl Monaghan
Technology	■	■	■	■	■	■
Financial management	□	■	■	□	■	■
Strategy development	■	■	■	□	■	□
Corporate governance	□	■	■	□	□	■
Corporate finance	□	□	□	□	■	■
Healthcare	□	□	□	□	■	□

Ensuring the long-term success of the Group

Board effectiveness

Board composition and responsibilities

The Board comprises three Executive Directors (including the Chairman) and three Non-executive Directors, two of which are independent (Bob Corey and Karl Monaghan).

The Board is responsible for the long-term success of the Group. It sets the Group's values, standards and strategic aims and oversees implementation within a framework of prudent and effective controls, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

The Board has agreed the schedule of matters reserved for its decision, which includes ensuring that the necessary financial and human resources are in place to meet its obligations to its shareholders and others. It also approves acquisitions and disposals of businesses, major capital expenditure and annual financial budgets, and sets dividend policy.

An Executive Committee supports the Board in implementing strategy and reports relevant matters to the Board for its consideration and approval. This Executive Committee comprises three Executive Directors and eleven members of senior management.

All the Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring compliance with applicable rules, regulations and Board procedures.

Directors have the right to request that any concerns they have are recorded in the appropriate Committee or Board minutes.

Meeting attendance

David Richards	■	■	■	■	■	■	■
Bob Corey	■	■	■	■	■	■	■
Erik Miller	■	■	■	■	■	■	■
Dr Yeturu Aahlad	■	■	■	■	■	■	■
Grant Dollens	■	■	■	■	■	■	■
Karl Monaghan	■	■	■	■	■	■	■

■ Attended
□ Did not attend
Not required to attend

Board and Committee meetings

The table above shows the number of Board meetings held during the year, and the attendance of each Director. See our Committee reports for Audit, Remuneration and Nomination Committee meetings.

Board Committees

To assist the Board in carrying out its functions and to ensure that there is independent oversight of internal controls and risk management, the Board delegates certain responsibilities to its three principal Committees as shown in the governance framework diagram below.

More detail on each of the Committees can be found on pages 39 to 43.

Governance framework

BOARD

EXECUTIVE TEAM

Chaired by the Chief Executive Officer, it comprises the three Executive Directors and senior management representation from product, marketing, engineering, business development, finance, legal, HR, sales and support. It assists the Executive Directors in implementing the business plan and policies and managing the operational and financial performance of the Company.

Nomination Committee — Read more from page 39

Audit Committee — Read more from page 40

Remuneration Committee — Read more from page 42

Ensuring Board effectiveness

Board effectiveness continued

Board independence, appointment and re-election

There are two Non-executive Directors, who are considered by the Board to be independent of the management and are free to exercise independence of judgement. They have never been employees of the Group and they do not participate in the Group's bonus arrangements. They receive no other remuneration from the Group other than their Directors' fees.

Each new Director, on appointment, is briefed on the activities of the Group. Professional induction training is also given as appropriate. The Chairman briefs Non-executive Directors on issues arising at Board meetings if required and Non-executive Directors have access to the Chairman at any time. Ongoing training is provided as needed. Directors were updated on a frequent and regular basis on the Group's business.

Directors are subject to re-election at the Annual General Meeting ("AGM") following their appointment. In addition, at each AGM one-third (or the whole number nearest to one-third) of the Directors retire by rotation.

Terms of appointment and time commitment

All Non-executive Directors are appointed for an initial term of three years subject to satisfactory performance. After this time, they may serve additional three-year terms following review by the Board. All Non-executive Directors are expected to devote such time as is necessary for the proper performance of their duties. Directors are expected to attend all Board meetings and Committee meetings of which they are members and any additional meetings as required. Further details of their terms and conditions are summarised in the Remuneration report on pages 42 and 43 and the terms and conditions of appointment of the Non-executive Directors are available at the Company's registered office.

Development, information and support

All Board Directors have access to the Company Secretary, who advises them on governance matters. The Chairman and the Company Secretary work together to ensure that Board papers are clear, accurate, delivered in a timely manner to Directors and of sufficient quality to enable the Board to discharge its duties. Specific business-related presentations are given by members of the Executive Team when appropriate and external speakers also attend Board meetings to present on relevant topics. As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary. As part of the Board evaluation process, training and development needs are considered and training courses are arranged, where appropriate.

Board activities throughout the year

AT EACH SCHEDULED MEETING

Discuss:

- Strategic and operational matters
- Trading results
- Management accounts and financial commentary
- Treasury matters
- Legal, Company Secretarial and regulatory matters
- Investor relations
- Corporate affairs

Review:

- Minutes of previous meetings
- The implementation of actions agreed at previous meetings
- The rolling annual agenda items

February

- Approval of subscription of new shares

March

- Approval of annual budget
- Update on product strategy and partnerships

In line with the Code, we ensure that any new Directors joining the Board receive appropriate support and are given a tailored induction programme organised through the Company Secretary, including the provision of background material on the Company and briefings with management as appropriate. Each Director's individual experience and background are considered in developing a programme tailored to his or her own requirements. Any new Director will also be expected to meet with major shareholders if required.

Succession planning

The Nomination Committee focuses on Board succession and composition and succession planning.

Board evaluation

The performance of the Board was evaluated informally on an ongoing basis with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings were conducted and administered (including the content of those meetings); the effectiveness of the various Committees; whether corporate governance issues were handled in a satisfactory manner; and whether there was a clear strategy and objectives. The conclusion was that the Board was performing as expected.

Each Director's performance is appraised through the normal appraisal process. Save for the Chairman and Chief Executive Officer, who was appraised by the Non-executive Directors, the Executive Board members were appraised by the Chairman and Chief Executive Officer. The Non-executive Directors were appraised by the Chairman and Chief Executive Officer.

Internal controls and risk management

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to mitigate against and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Executive management considered the potential financial and non-financial risks which may impact on the business as part of the quarterly management reporting procedures. The Board received the principal risk outputs of these quarterly management reports and monitored the position at Board meetings. The principal risks are set out on pages 20 to 23.

The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks faced by the Group. The processes, which have been in place throughout the year and up to the date of approval of the Annual Report and Accounts, are consistent, so far as is appropriate for the nature and size of the Group's business, with the guidance issued by the Financial Reporting Council.

The Group's internal financial control and monitoring procedures include:

- clear responsibility on the part of line and financial management for the maintenance of good financial controls and the production of accurate and timely financial management information;
- the control of key financial risks through appropriate authorisation levels and segregation of accounting duties;
- detailed monthly budgeting and reporting of trading results, balance sheets and cash flows, with regular review by management of variances from budget;
- reporting on any non-compliance with internal financial controls and procedures; and
- review of reports issued by the external auditor.

The Audit Committee, on behalf of the Board, reviewed reports from the external auditor together with management's response regarding proposed actions. In this manner, it has reviewed the effectiveness of the system of internal controls for the year under review.

April

- Update on product strategy and partnerships
- Review and approval of Annual Report and Accounts 2018
- Review and approval of preliminary announcement of 2018 results
- Consideration and approval of appointment of external auditor
- Review of Non-executive Director fees

May

- Update on engineering and partnerships

August

- Update on product strategy and partnerships

November

- Approval of subscription of new shares

December

- Approval of appointment of new auditor

Communicating to our shareholders

Relations with shareholders

WANdisco is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. During the year, numerous activities were undertaken to engage with shareholders.

Results announcements

We communicate with shareholders through our full-year and half-year announcements and trading updates. We invite institutional shareholders and analysts to view our full-year and half-year announcements. The presentation slides and a webcast of the presentations are made available at www.wandisco.com/investors/reports-and-presentations on the day of announcement.

Shareholder meetings

The AGM is the principal forum for dialogue with private shareholders, and we encourage shareholders to attend and participate. The AGM was held on Wednesday 22 May 2019 at our office in Sheffield, with the results being published on our website, www.wandisco.com/investors.

This year's AGM will be held at 10am on Wednesday 29 July 2020 at our office in Sheffield. Full details are included in the Notice of Meeting, which is sent to shareholders at least 21 days before the meeting. Due to COVID-19 restrictions, the meeting will be restricted to two attendees. However, shareholders are strongly encouraged to exercise their vote. In addition, there will be a section on the Company website allowing shareholders to post any questions they might have.

Website and shareholder communications

Our website, www.wandisco.com/investors, provides a range of corporate information on our business, results and financial performance, including copies of our Annual Report and Accounts, announcements and presentations.

Meetings, roadshows and conferences

The Directors actively seek to build a mutual understanding of objectives with institutional shareholders. Shareholder relations are managed primarily by the Chief Executive Officer and the Chief Financial Officer. A calendar of events is set out below.

The Chief Executive Officer and the Chief Financial Officer regularly meet with institutional shareholders to foster a mutual understanding of objectives. In particular, an extensive programme of meetings with analysts and institutional shareholders is held following the interim and preliminary results announcements. Feedback from these meetings and market updates prepared by the Company's Nomad are presented to the Board to ensure it understands shareholders' views. The other Non-executive Directors are available to shareholders to discuss strategy and governance issues.

2019 key shareholder engagements

Month	Communication	Type
March 2019	The Global Group UK Investor Show in London	Conference
April 2019	Preliminary results	Meeting, RNS
	Stifel LSE Discovery Conference in New York	Conference
	Annual Report published	Report
May 2019	AGM	Meeting
	Result of AGM	RNS
	Oppenheimer Emerging Growth Conference in New York	Conference
June 2019	LD Micro Conference in Los Angeles	Conference
	Stifel 2019 Cross Sector Insight Conference in Boston	Conference
September 2019	Interim results	Meeting, RNS
November 2019	Craig Hallum Capital Group 10 Annual Alpha Select Conference New York	Conference
	Needham Big Data 1x1 Conference San Francisco	Conference
December 2019	Stifel UK Technology & Internet Conf New York	Conference

Meeting RNS Report Conference

DAVID RICHARDS, CHAIRMAN, PRESIDENT, CEO AND CO-FOUNDER

Monitoring succession planning

The Nomination Committee assists the Board in determining Board appointments and succession planning for Directors.

Committee meeting attendance

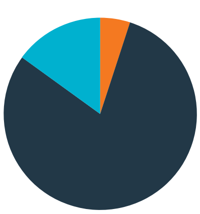
David Richards	■	■
Bob Corey	■	■
Erik Miller	■	■
Grant Dollens	■	■
Karl Monaghan	■	■

■ Attended

□ Did not attend

Not required to attend

Estimated allocation of time



5% Performance evaluation

80% Succession planning

15% Structure review

Committee composition

The Nomination Committee is chaired by David Richards and the other members of the Committee are Bob Corey, Grant Dollens, Karl Monaghan and Erik Miller.

Committee responsibilities

The Nomination Committee has responsibility for: reviewing the structure, size and composition of the Board and recommending to the Board any changes required; succession planning; and identifying and nominating for approval Board candidates to fill vacancies as and when they arise. The Committee is also responsible for reviewing the results of any Board performance evaluation process and making recommendations to the Board concerning the Board's Committees and the re-election of Directors at the AGM.

The membership of the Nomination Committee comprises the three Non-executive Directors, David Richards and Erik Miller.

The Nomination Committee is required to meet not less than twice a year and at such other times as required.

It has written terms of reference, which are available for review at www.wandisco.com.

Committee meetings

The Nomination Committee met two times in the year, with the Chief Executive Officer and Chief Financial Officer in attendance.

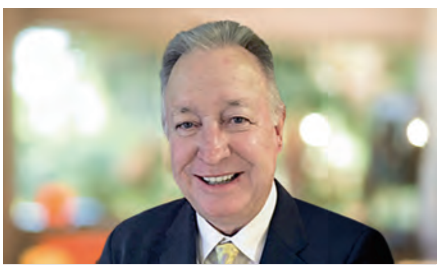
The Board has considered diversity in broader terms than just gender and believes it is also important to have the correct balance of skills, experience, independence and knowledge on the Board. All Board appointments will be made on merit and with the aim of achieving a correct balance. The Group has formal policies in place to promote equality of opportunity across the whole organisation and training is provided to assist this.

Currently, there are no women on the Board. As opportunities arise, the Board will seek to increase the presence of women on the Board consistent with the above policy and the terms of reference of the Nomination Committee.

David Richards
Chairman, President, CEO and Co-founder
29 June 2020

Ensuring compliance and effectiveness

I am pleased to present the Report of the Audit Committee, which provides a summary of the Committee's role and activities during the 2019 financial year.

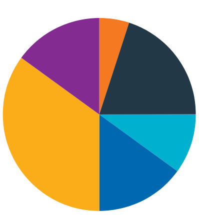


Committee meeting attendance

Bob Corey	■	■
Grant Dollens	■	■
Karl Monaghan	■	■

■ Attended
□ Did not attend
Not required to attend

Estimated allocation of time



5% Performance evaluation
20% Accounting matters
10% Risk management
15% Internal controls
35% Financial reporting
15% Audit tender

Committee composition

Bob Corey is the Chairman of the Committee and the other members of the Committee are Karl Monaghan and Grant Dollens. The Board considers Bob Corey to have relevant and recent financial experience, given his biography set out on page 30.

Committee responsibilities

The Audit Committee ("the Committee") is established by and is responsible to the Board. It has written terms of reference, which are available for review at www.wandisco.com. Its main responsibilities are:

- to monitor and be satisfied that the Group's financial statements are fair, balanced and understandable before submission to the Board for approval, ensuring their compliance with the appropriate accounting standards, the law and the AIM Rules;
- to monitor and review the effectiveness of the Group's system of internal control;
- to make recommendations to the Board in relation to the appointment of the external auditor and its remuneration, following appointment by the shareholders in general meeting, and to review and be satisfied with the auditor's independence, objectivity and effectiveness on an ongoing basis; and
- to implement the policy relating to any non-audit services performed by the external auditor.

The Committee is authorised by the Board to seek and obtain any information it requires from any officer or employee of the Group and to obtain external legal or other independent professional advice as is deemed necessary by it.

Committee meetings

There were two meetings of the Committee during the year scheduled to coincide with the review of the scope of the external audit and observations arising from its work in relation to internal control, and to review the financial statements. The external auditor attended all of these meetings. Since the end of the financial year, the Committee has met once (in February 2020) to consider, amongst other matters, this Annual Report, with the external auditor being present at this meeting. The Committee also met with the external auditor, without the Executive Directors being present, once during the year.

Significant work undertaken by the Committee during the year

Review of the 2019 financial statements

The Audit Committee reviewed and endorsed, prior to submission to the Board, full-year financial statements and the preliminary, interim results and trading update announcements. The Committee considered risk management updates, agreed external audit plans, approved accounting policies and ensured appropriate whistleblowing arrangements and associated policies were in place.

In reviewing the financial statements with management and the auditor, the Committee has discussed and debated the critical accounting judgements and key sources of estimation uncertainty as set out in Note 4 to the financial statements. As a result of our review, the Committee has identified the following issues that require a high level of judgement or have a significant impact on the interpretation of this Annual Report.

Brexit

Management reviewed the potential impacts that Brexit could have on the business.

The Committee is satisfied with the findings identified and that appropriate disclosures have been made in the Annual Report and Accounts.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities as disclosed in Note 25.

The detailed budget and forecasts formed the basis of the going concern review and management also prepared a sensitised version, which considered a delay in revenue growth and included actions, under the control of the Group, that they could take to further significantly reduce the cost base in the coming year in the event that longer-term revenue is set to remain consistent with the level reported in 2019. Further details are included in Note 2(b).

The Committee is satisfied with the findings of the going concern review and that appropriate disclosures have been made in the Annual Report and Accounts.

Revenue recognition

Under IFRS 15 the Group is required to de-bundle subscription arrangements into the separate licence and maintenance and support performance obligations. The method of allocation requires judgement and is based on prior experience of separate arrangements (e.g. when maintenance and support is sold separately on a perpetual licence) along with market practice.

The Committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures have been made in the Annual Report and Accounts.

Capitalisation and carrying value of development costs

The Group capitalises development costs which meets the criteria required under IAS 38. The carrying amount of the intangible assets is allocated to CGUs. The recoverable amount was calculated using a value in use basis based on financial forecasts.

The Committee is satisfied that the judgements made by management in the value in use calculation are reasonable and that appropriate disclosures have been made in the Annual Report and Accounts.

In reaching this conclusion the Committee has considered the reports and analysis prepared by management and has also constructively challenged assumptions. The Committee has also considered detailed reporting from and discussions with the external auditor.

Committee performance

The Committee carried out an annual assessment of its own performance during the year and the conclusion was that the Committee was performing as expected.

External auditor

During 2019 there was an audit rotation, and BDO LLP was selected and appointed as the Company's auditor following a review of a number of potential providers.

As required, the external auditor provided the Committee with information for review about policies and processes for maintaining its independence and compliance regarding the rotation of audit partners and staff. The Committee considered all relationships between the external auditor and the Group and was satisfied that they did not compromise the auditor's judgement or independence, particularly with the provision of non-audit services.

An internal review of the effectiveness of the external audit process was carried out during the year and no deficiencies were found. Management was satisfied with the external audit team's knowledge of the business and that the scope of the audit was appropriate, all significant accounting judgements had been challenged robustly and the audit had been effective.

All of the above was considered before a recommendation was made by the Committee to the Board to propose BDO for election at the AGM.

Internal audit function

Given the Group's size and development, the Board did not consider it necessary to have an internal audit function during the year. The Board will continue to monitor this requirement annually.

Bob Corey
Vice Chairman and
Senior Non-executive Director
29 June 2020

Determining remuneration policies

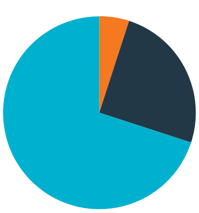
This report sets out information about the remuneration of the Directors of the Company for the year ended 31 December 2019.

Committee meeting attendance

Karl Monaghan	■	■	■	■
Bob Corey	■	■	■	■
Grant Dollens	■	■	■	■

■ Attended
□ Did not attend
Not required to attend

Estimated allocation of time



5% Performance evaluation
25% Remuneration policy
70% Share option grant review

The Board, as required by the QCA Code, supports the principle of transparency and has prepared this report in order to provide information to shareholders on executive remuneration arrangements.

The Remuneration Committee

Committee composition

The Remuneration Committee is chaired by Karl Monaghan and the other members of the Committee are Bob Corey and Grant Dollens.

Committee responsibilities

The Remuneration Committee's primary purposes are to assist the Board in determining the Company's remuneration policies, review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of service, the granting of share options, and other equity incentives.

Committee meetings

The Remuneration Committee met four times in the year, with the other Board members in attendance as appropriate.

Remuneration Committee report

The content of this report is unaudited unless stated.

Remuneration policy

The objective of the remuneration policy is to ensure that the overall remuneration of Executive Directors is aligned with the performance of the Group and preserves an appropriate balance of income and shareholder value.

Non-executive Directors

Remuneration of the Non-executive Directors is determined by the Executive Directors. Non-executive Directors are not entitled to pensions, annual bonuses or employee benefits. They are entitled to participate in share option arrangements relating to the Company's shares. Each of the Non-executive Directors has a letter of appointment stating his annual fee and that his appointment is initially for a term of three years, subject to re-appointment at the AGM, renewable for further periods of three years. Their appointment may be terminated with three months' written notice at any time.

Directors' remuneration

The normal remuneration arrangements for Executive Directors consist of basic salary and annual performance-related bonuses. In addition, they receive private healthcare.

The Committee intends to make further awards under the Long-Term Incentive Plan ("LTIP") during 2020. Details of any awards will be disclosed in next year's Remuneration Committee report.

2019 annual bonus

The 2019 Bonus Plan comprised a target bonus based on a % of base salary. The Bonus Plan is based on the achievement of corporate financial performance measures, including revenue and overheads targets. Having regard to the performance of the business, the Remuneration Committee resolved to pay bonuses as set out on page 43.

Similar bonus principles will be adopted for 2020. Performance targets and weightings were set by the Remuneration Committee at the start of the year.

Directors' interests

Details of the Directors' shareholdings are included in the Directors' report on page 45.

Directors' share options

Aggregate emoluments disclosed below do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of options for Directors who served during the year are as follows:

	Exercise price	Number of options at 1 January 2019	Number of options granted[1]	Number of options exercised	Number of options lapsed	Number of options at 31 December 2019
Executive Directors						
David Richards	£1.90	92,771	—	—	—	**92,771**
	£0.10	241,037	—	—	—	**241,037**
	£0.10	18,123	—	—	—	**18,123**
	£0.10	—	29,094	—	—	**29,094**
	£0.10	—	23,764	—	—	**23,764**
Dr Yeturu Aahlad	£0.10	241,037	—	—	—	**241,037**
	£0.10	18,123	—	—	—	**18,123**
	£0.10	—	23,764	—	—	**23,764**
Erik Miller	£1.90	410,789	—	—	—	**410,789**
	£8.39	423,707	—	—	—	**423,707**
	£0.10	18,123	—	—	—	**18,123**
	£0.10	—	9,904	—	—	**9,904**
	£0.10	—	23,764	—	—	**23,764**
Non-executive Directors						
Grant Dollens		—	—	—	—	**—**
Karl Monaghan	£0.10	22,249	—	—	—	**22,249**
	£0.10	—	7,923	—	—	**7,923**
Bob Corey	£0.10	22,249	—	—	—	**22,249**
	£0.10	—	7,923	—	—	**7,923**

1 All options were granted on 30 April 2019.

Directors' remuneration (audited)

	Payment currency	Salary/fees '000	Bonus[2] '000	Benefits[1] '000	31 December 2019 Total '000	31 December 2018 Total '000
Executive Directors						
David Richards	$	490	367	39	**896**	891
Erik Miller	$	250	125	27	**402**	399
Dr Yeturu Aahlad	$	150	—	20	**170**	168
Non-executive Directors						
Grant Dollens	£	40	—	—	**40**	40
Karl Monaghan	£	40	—	—	**40**	40
Bob Corey	£	50	—	—	**50**	6

1 Benefits include the provision of private health insurance for Executive Directors and their immediate families.

2 50% of bonus due for David Richards and Erik Miller is to be settled via RSUs which have a one-year vesting period.

The total Directors' remuneration for the period ended 31 December 2019, in US dollars, was $1,637,000 (2018: $1,570,000).

Approval

This report was approved by the Directors and signed by order of the Board.

Karl Monaghan
Chairman of the Remuneration Committee
29 June 2020

ERIK MILLER, CHIEF FINANCIAL OFFICER

The Directors present their report and the audited financial statements for the year ended 31 December 2019 in accordance with the Companies (Jersey) Law 1991. Particulars of important events affecting the Group, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report on pages 6 to 29, which is incorporated into this report by reference together with the Corporate governance report on pages 35 to 38. In addition, this report should be read in conjunction with information concerning employee share schemes, which can be found in the Remuneration Committee report on pages 42 and 43 and in Note 15 to the financial statements, and which is incorporated by way of cross-reference into the Directors' report.

Principal activity

The principal activity of the Group is the development and provision of global collaboration software.

Business review and future developments

A review of the Group's operations and future developments is covered in the Strategic report section of the Annual Report and Accounts on pages 6 to 29. This report includes sections on strategy and markets and considers key risks and key performance indicators.

Financial results

Details of the Group's financial results are set out in the Consolidated statement of profit or loss and other comprehensive income and other components on pages 51 to 87.

Dividends

The Directors do not recommend the payment of a dividend (2018: $nil).

Going concern

The Company's business activities, together with risk factors which potentially affect its future development, performance or position, can be found in the Strategic report on pages 6 to 29. Details of the Company's financial position and its cash flows are outlined in the Financial review on pages 24 and 25.

After making reasonable enquiries and following two share subscriptions during the year, one in February 2019 for raised $17.5m of gross proceeds and the other in November 2019 which raised $16.5m of gross proceeds, the Board has an expectation that the Group and the Company have adequate financial resources together with a strong business model to ensure they continue to operate for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements. This is described in more detail in Note 2(b).

Annual General Meeting ("AGM")

On pages 89 to 91 is the notice of the Company's eighth AGM to be held at 10am on 29 July 2020 at the UK Company's offices, Castle House, 1–13 Angel Street, Sheffield S3 8LN.

Directors

The Directors who served on the Board and on Board Committees during the year are set out on pages 30 and 31. One-third of the Directors are required to retire at the AGM and can offer themselves for re-election.

Information on Directors' remuneration and share option rights is given in the Remuneration Committee report on pages 42 and 43.

Directors' indemnity arrangements

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report. Other than this, and with the exception of employment contracts between each Executive Director and the Group, at no time during the year did any Director hold a material interest in any contract of significance with the Group or any of its subsidiary undertakings. The Group has purchased and maintained throughout the year Directors' and officers' liability insurance in respect of all Group companies.

None of the Directors had any interest in the share capital of any subsidiary company. Further details of options held by the Directors are set out in the Remuneration Committee report on pages 42 and 43.

The middle market price of the Company's ordinary shares on 31 December 2019 was 445.00 pence and the range during the year was 338.00 pence to 781.00 pence, with an average price of 514.91 pence.

Significant shareholders

The Company is informed that, at 22 June 2020 (the latest practicable date prior to publication), individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of shares	% of issued ordinary share capital
Invesco Ltd. (Oppenheimer)	5,000,000	10.36%
Davis Capital Partners, LLC	3,609,286	7.48%
T Rowe Price International	3,628,167	7.52%
Lombard Odier Asset Management (Europe) Limited	2,889,968	5.99%
Conifer Capital Management	2,844,177	5.90%
Swedbank Robur Fonder AB	2,700,000	5.60%
Dr Yeturu Aahlad	2,442,504	5.06%
Grant Dollens[1]	2,161,739	4.48%
David Richards	2,119,233	4.39%
Ross Creek Capital Management, LLC	2,025,000	4.20%
UBS Securities	1,572,135	3.26%

1 Of which 526,384 shares (1.09%) are held by Grant Dollens personally and 1,635,355 shares (3.39%) are held by Global Frontier Partners, in which Grant Dollens is interested (Grant Dollens is currently Managing Member at Global Frontier Investments, LLC, a US-based investment manager, and Portfolio Manager for Global Frontier Partners, LP, a shareholder in WANdisco).

Directors' shareholdings

The beneficial interests of the Directors in the share capital of the Company at 31 December 2019 and 22 June 2020 (the latest practicable date prior to publication) were as follows:

	At 31 December 2019		At 22 June 2020	
	Number of shares	% of issued ordinary share capital	Number of shares	% of issued ordinary share capital
Executive				
David Richards	2,119,233	4.39%	2,119,233	4.39%
Dr Yeturu Aahlad	2,442,504	5.06%	2,442,504	5.06%
Erik Miller	27,124	0.06%	27,124	0.06%
Non-executive				
Grant Dollens[1]	2,161,739	4.48%	2,161,739	4.48%
Karl Monaghan	53,542	0.11%	53,542	0.11%

1 Of which 526,384 shares (1.09%) are held by Grant Dollens personally and 1,635,355 shares (3.39%) are held by Global Frontier Partners, in which Grant Dollens is interested (Grant Dollens is currently Managing Member at Global Frontier Investments, LLC, a US-based investment manager, and Portfolio Manager for Global Frontier Partners, LP, a shareholder in WANdisco).

Articles of Association

Any amendments to the Articles of Association of the Company may be made by special resolution of the shareholders.

Research and development

The Group expended $8,263,000 during the year (2018: $8,072,000) on research and development, of which $5,062,000 (2018: $4,910,000) was capitalised within intangible assets and $3,201,000 (2018: $3,162,000) was charged to the income statement. In addition, an amortisation charge of $5,284,000 (2018: $5,725,000) has been recognised against previously capitalised costs.

Derivatives and financial instruments

The Group's policy and exposure to derivatives and financial instruments is set out in Note 25.

Employee involvement

It is the Group's policy to involve employees in its progress, development and performance. Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. The Group is a committed equal opportunities employer and has engaged employees with broad backgrounds and skills.

It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not have a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

Health and safety

The Group is committed to providing a safe and healthy working environment for all staff and contractors. The Group's health and safety standard sets out the range of policies, procedures and systems required to manage risks and promote wellbeing.

Political and charitable donations

During the year ended 31 December 2019 the Group made political donations of $nil (2018: $nil) and charitable donations of $10,170 (2018: $1,715).

Supplier payment policy and practice

The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with suppliers at the start of business and then makes payments in accordance with contractual and other legal obligations.

The number of creditor days outstanding at 31 December 2019 was 19 days (2018: 32 days).

Auditor

As recommended by the Audit Committee, a resolution for the appointment of BDO LLP as auditor of the Company is to be proposed at the forthcoming AGM.

Audit information

Each of the Directors at the date of the Directors' report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware and he has taken all the reasonable steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

Subsequent events

On 12 June 2020 the Group announced a placing (which was approved by General Meeting on 29 June 2020) for the subscription of 3,100,000 new ordinary shares of 10 pence each in the Company (comprising 2,362,515 placing shares and 737,485 direct subscription shares) at a price of 650 pence (a discount of approximately 12.2% to the Company's closing share price on 11 June 2020) raising gross proceeds of $25m. This represents 6.4% of the entire existing share capital of WANdisco. The proceeds will be used to support our relationships with strategic cloud partners and provide growth working capital.

The Directors' report has been approved by the Board of Directors on 29 June 2020.

Signed on behalf of the Board.

Erik Miller
Chief Financial Officer
29 June 2020

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs as adopted by the EU") and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of WANdisco plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU").

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters

- Revenue recognition.
- Capitalisation of development costs.
- Carrying value of development costs.
- Going concern assessment.

Audit scope

- We performed an audit of the complete financial information of three components and audit procedures on specific balances for a further two components.
- The components where we performed full or specific audit procedures accounted for 98% of Group loss before tax, 100% of revenue and 98% of Group total assets.

Materiality

- Overall Group materiality of $375,000, which represents 2% of loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Group has reported revenues of $16.2m (FY18: $17.0m) with deferred revenue at 31 December 2019 of $3.8m (FY18: $4.3m). The Group's contracts with customers can involve multiple deliverables. Therefore, revenue recognition related to each deliverable requires judgement over the assessment of the separate contract deliverables. We assessed revenue recognition as a fraud risk as revenue forms the basis for certain of the Group's key performance indicators, both in external communications and for management incentives. We identified two specific risks of fraud and error in respect of inappropriate revenue recognition given the nature of the Group's contracts with customers as follows:

- the recognition of revenue in the appropriate period, including the deferral, or accrual, of revenue, i.e. cut-off; and
- inappropriate measurement of revenue attributed to each deliverable within a contract with a customer.

Revenue recognition is disclosed in Note 8 of the consolidated financial statements and relevant accounting policies in Note 29.

How we addressed the key audit matter in the audit

- We evaluated management's determination of whether the nature of the Group's products results in the provision of a deliverable at a point in time or over a contractual term. This included the assessment of new or one-off transactions.
- For a sample of customers, we tested all revenue transactions in FY2019 with the customers to (1) ensure a proper identification of deliverables; (2) proper and consistent allocation of the contract price to the performance obligations satisfied over time and at a point in time; (3) for deliverables, for which revenue is earned over time, accurate calculation of the revenue and deferred revenue based on the progress of the contract; (4) consistent application of the revenue recognition policy; and (5) appropriate period of revenue recognition with reference to contractual documents.

Key audit matters continued

Revenue recognition continued

How we addressed the key audit matter in the audit continued

- We performed a search for revenue recorded through journal entries and tested for any unusual entries, or entries that were posted outside of normal business processes. We investigated any unusual items to establish whether any sale had occurred in the financial year to support the revenue recognised.
- We performed certain specific procedures to address the risk of management override, which included testing of unusual, new or significant transactions or contractual terms. We obtained management's analysis for a sample of contracts and assessed the Group's estimate of the fair value attributed to each identified performance obligation within each sampled contract and the timing of revenue recognition for each deliverable.
- We also considered the adequacy of the Group's disclosures relating to revenue recognition in Notes 8 and 29.

Key observations

Based on procedures performed, we did not identify any evidence of material misstatement in the revenue recognised in the year.

Capitalisation of development costs

The Group capitalises internal costs in respect of development projects amounting $5.1m (FY18: $4.9m). The Directors apply judgement in the classification of expenditure as capital in nature rather than ongoing operational expenditure. The significant judgement and related risk is that:

- Internal costs are capitalised that should be expensed under the requirements of IAS 38 "Intangible Assets".

Capitalised development costs is disclosed in Note 17 of the consolidated financial statements and relevant accounting policies in Note 29.

How we addressed the key audit matter in the audit

- We assessed the nature of the sampled items capitalised and evaluated the appropriateness of their classification as capitalised costs, having regard to IAS 38 requirements. This included assessing whether major projects are technically feasible and commercially viable by reference to existing orders and future forecasts given the core technology.
- We agreed the existence of a sample of employees to contracts including verifying their salary costs and identifying roles and responsibilities to determine if the portion of costs capitalised reflects the work performed on the systems.
- We considered the appropriateness of the related disclosures provided in Note 17 in the Group financial statements.

Key observations

Based on procedures performed, we noted the costs capitalised by management were in line with the requirements of IAS 38.

Carrying value of development costs

The Group continues to be loss making and, as a result, the Group has tested previously capitalised development costs for impairment. There remains a degree of uncertainty around expected revenues and profits will be realised and be sufficient to ensure recoverability of the assets recognised on the balance sheet.

The impairment test of intangible assets including key assumptions and underlying recoverable amounts is disclosed in Note 17 of the consolidated financial statements.

How we addressed the key audit matter in the audit

- With assistance from a BDO valuation specialist, we performed audit procedures on the reasonableness of the growth rates, margin and discount rate applied including comparison to economic and industry forecasts where appropriate.
- We assessed the appropriateness of the key assumptions used in the FY20 forecast including new customer acquisition, upsell/add-ons and level of loss of customers by assessing these against the results achieved in FY19.
- We performed a sensitivity analysis of management's model in respect of the key assumptions such as discount rate and growth rates to ensure there was sufficient headroom in their calculation.
- We considered the appropriateness of the related disclosures provided in Note 17 in the Group financial statements.

Key observations

Based on procedures performed, we did not note any issues with the recoverability of the intangible assets recognised on the balance sheet and concluded that management's judgements and disclosures were appropriate.

Going concern assessment

The Group has continued to make losses in the financial year, and the net liabilities and deficit financial position at year end indicate that there is an elevated risk associated with the Group's going concern status.

The financial statements explain in Note 2(b) how the Directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group.

That judgement is based on an evaluation of the inherent risks to the Group's business model and how those risks might affect the Group's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.

Key audit matters continued

Going concern assessment continued

The risks most likely to adversely affect the Group's available financial resources over this period were:

- meeting Board forecasts particularly relating to the timing and value of future, unsecured pipeline sales; and
- the achievability of mitigating actions the Directors would take should these, or other, adverse factors materialise.

The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern.

How we addressed the key audit matter in the audit

- We evaluated the key underlying assumptions used in the Group's forecasts around the achievement of forecast revenue through robust interrogation of the forecasts and understanding how these were derived.
- We considered the Group's historical budgeting accuracy, by assessing actual performance against budget and understanding the changes in circumstances leading to the forecast revenue.
- We performed analysis of changes in key assumptions including a reasonable possible (but not unrealistic) reduction in forecast revenue to understand the sensitivity in the cash flow forecasts.
- We considered the appropriateness of the related disclosures by comparing to the key assumptions and key sensitivities as considered by the Directors in their forecasts.

Our application of materiality

Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality for the Group financial statements was set at $375,000, determined with reference to a benchmark of the three year average of loss before tax of $18.7m (of which it represents 2%). A 2% benchmark was considered appropriate, as this was the first year of audit for BDO and with the Group being AIM listed.

Materiality allocated to the three significant components was in the range of $132,000 to $335,000.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality should be set at 65% of Group materiality, being $244,000.

Performance materiality applied to the audits of the three significant components was in the range of $85,000 to $217,000.

Reporting threshold

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of $19,000. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls and changes in the business environment when assessing the level of work to be performed at each entity.

The work on all five components was performed by the Group team.

Of the Group's five reporting components, we subjected three significant components to full scope audits for Group purposes. For the residual two components, we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The coverage obtained from the work performed by us was 98% of Group loss before tax, 100% of Group revenue and 98% of Group total assets.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by Parent Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's or the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Butcher
For and on behalf of BDO LLP
Chartered Accountants
London, UK
29 June 2020

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019			As restated Year ended 31 December 2018		
Continuing operations	Note	Pre-exceptional $'000	Exceptional items[1] $'000	Total $'000	Pre-exceptional $'000	Exceptional items[1] $'000	Total $'000
Revenue	7,8	16,155	—	16,155	17,019	—	17,019
Cost of sales	9	(1,186)	—	(1,186)	(1,544)	—	(1,544)
Gross profit		14,969	—	14,969	15,475	—	15,475
Operating expenses	9,11	(42,148)	—	(42,148)	(38,712)	—	(38,712)
Operating loss	11	(27,179)	—	(27,179)	(23,237)	—	(23,237)
Finance income	12	604	—	604	443	2,793	3,236
Finance costs	12	(527)	(2,047)	(2,574)	(514)	—	(514)
Net finance income/(costs)	12	77	(2,047)	(1,970)	(71)	2,793	2,722
(Loss)/profit before tax		(27,102)	(2,047)	(29,149)	(23,308)	2,793	(20,515)
Income tax	13	885	—	885	802	—	802
(Loss)/profit for the year		(26,217)	(2,047)	(28,264)	(22,506)	2,793	(19,713)
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Foreign operations – foreign currency translation differences		(282)	2,047	1,765	(81)	(2,793)	(2,874)
Other comprehensive income for the year, net of tax		(282)	2,047	1,765	(81)	(2,793)	(2,874)
Total comprehensive income for the year		(26,499)	—	(26,499)	(22,587)	—	(22,587)
Loss per share							
Basic and diluted loss per share	14			($0.63)			($0.47)
Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")	11			(11,670)			(9,397)

1 See Note 10.

The notes on pages 55 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Note	31 December 2019 $'000	31 December 2018 $'000
Assets			
Property, plant and equipment	16	3,735	828
Intangible assets	17	4,877	5,516
Other non-current assets	18	3,016	2,580
Non-current assets		11,628	8,924
Trade and other receivables	19	8,545	7,399
Cash and cash equivalents	20	23,354	10,757
Current assets		31,899	18,156
Total assets		43,527	27,080
Equity			
Share capital	21(a)	7,097	6,361
Share premium		149,336	115,909
Translation reserve	21(c)	(5,583)	(7,348)
Merger reserve	21(c)	1,247	1,247
Retained earnings		(121,922)	(102,365)
Total equity		30,175	13,804
Liabilities			
Loans and borrowings	22	2,889	98
Deferred income	23	1,188	1,277
Deferred tax liabilities	13	4	3
Non-current liabilities		4,081	1,378
Current tax liabilities		66	7
Loans and borrowings	22	2,212	3,990
Trade and other payables	24	4,371	4,860
Deferred income	23	2,622	3,041
Current liabilities		9,271	11,898
Total liabilities		13,352	13,276
Total equity and liabilities		43,527	27,080

The notes on pages 55 to 87 are an integral part of these consolidated financial statements.

The financial statements on pages 51 to 87 were approved by the Board of Directors on 29 June 2020 and signed on its behalf by:

David Richards
Chairman and CEO

Erik Miller
Chief Financial Officer

Company registered number: 110497

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company					
	Note	Share capital $'000	Share premium $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 31 December 2017		6,156	115,196	(4,474)	1,247	(100,658)	17,467
Adjustment on application of IFRS 15		—	—	—	—	11,029	11,029
Adjusted balance at 1 January 2018		6,156	115,196	(4,474)	1,247	(89,629)	28,496
Total comprehensive income for the year							
Loss for the year		—	—	—	—	(19,713)	(19,713)
Other comprehensive income for the year		—	—	(2,874)	—	—	(2,874)
Total comprehensive income for the year		—	—	(2,874)	—	(19,713)	(22,587)
Transactions with owners of the Company							
Contributions and distributions							
Equity-settled share-based payment	15(e)	—	—	—	—	6,977	6,977
Share options exercised		205	713	—	—	—	918
Total transactions with owners of the Company		205	713	—	—	6,977	7,895
Balance at 31 December 2018 – as restated		6,361	115,909	(7,348)	1,247	(102,365)	13,804
Total comprehensive income for the year							
Loss for the year		—	—	—	—	(28,264)	(28,264)
Other comprehensive income for the year		—	—	1,765	—	—	1,765
Total comprehensive income for the year		—	—	1,765	—	(28,264)	(26,499)
Transactions with owners of the Company							
Contributions and distributions							
Equity-settled share-based payment	15(e)	—	—	—	—	8,707	8,707
Proceeds from share placing		706	33,085	—	—	—	33,791
Share options exercised		30	342	—	—	—	372
Total transactions with owners of the Company		736	33,427	—	—	8,707	42,870
Balance at 31 December 2019		7,097	149,336	(5,583)	1,247	(121,922)	30,175

The notes on pages 55 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	As restated 2018 $'000
Cash flows from operating activities			
Loss for the year		(28,264)	(19,713)
Adjustments for:			
– Depreciation of property, plant and equipment	16	1,101	388
– Amortisation of intangible assets	17	5,701	6,475
– Loss on sale of property, plant and equipment		—	3
– Net finance (income)/costs		(77)	71
– Income tax	13	(885)	(802)
– Foreign exchange		1,869	(2,517)
– Equity-settled share-based payment	15(e)	8,707	6,977
		(11,848)	(9,118)
Changes in:			
– Trade and other receivables		(1,203)	281
– Trade and other payables		(562)	(925)
– Deferred income		(508)	(1,230)
– Deferred government grant		—	(2)
Net working capital change		(2,273)	(1,876)
Cash used in operating activities		(14,121)	(10,994)
Interest paid		(446)	(399)
Income tax received		807	51
Net cash used in operating activities		(13,760)	(11,342)
Cash flows from investing activities			
Interest received	12	258	213
Proceeds from sale of property, plant and equipment		—	5
Acquisition of property, plant and equipment		(841)	(677)
Development expenditure	17	(5,062)	(4,910)
Net cash used in investing activities		(5,645)	(5,369)
Cash flows from financing activities			
Proceeds from issue of share capital		34,163	918
Net repayment of bank loan	22(c)	(1,667)	(111)
Payment of lease liabilities (2018: Payment of finance lease liabilities)	22(c)	(502)	(95)
Net cash from financing activities		31,994	712
Net increase/(decrease) in cash and cash equivalents		12,589	(15,999)
Cash and cash equivalents at 1 January		10,757	27,396
Effect of movements in exchange rates on cash held		8	(640)
Cash and cash equivalents at 31 December	20	23,354	10,757

The notes on pages 55 to 87 are an integral part of these consolidated financial statements.

1. Reporting entity

WANdisco plc ("the Company") is a public limited company incorporated and domiciled in Jersey. The Company's ordinary shares are traded on AIM. The Company's registered office is 47 Esplanade, St. Helier, Jersey JE1 0BD. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the development and provision of global collaboration software (see Note 7).

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU. They were authorised for issue by the Company's Board of Directors on 29 June 2020.

Under Article 105(11) of the Companies (Jersey) Law 1991, a parent company preparing consolidated financial statements need not present solus (parent company only) financial information, unless required to do so by an ordinary resolution of the Company's members.

(a) Accounting policies

Details of the Group's accounting policies are included in Note 29.

This is the first set of the Group's annual financial statements in which IFRS 16 "Leases" has been applied. Changes to the significant accounting policies are described in Note 5.

(b) Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities as disclosed in Note 25.

As at 31 December 2019 the Group had net assets of $30.2m (31 December 2018: $13.8m), including cash of $23.4m (2018: $10.8m) as set out in the Consolidated statement of financial position, with a debt facility fully drawn of $2.2m (2018: debt facility fully drawn of $3.9m). In the year ended 31 December 2019, the Group incurred a loss before tax of $29.1m (2018: $20.5m) and net cash outflows before financing of $19.4m (2018: $16.7m).

During 2019, the performance of the Group declined, with revenue reducing by 5% to $16.2m (2018: $17.0m) and operating loss increasing to $27.2m (2018: $23.2m).

The Directors have prepared a detailed budget and forecast of the Group's expected performance over a period covering at least the next twelve months from the date of the approval of these financial statements. As well as modelling the realisation of the sales pipeline, these forecasts also cover a number of scenarios and sensitivities in order for the Board to satisfy itself that the Group remains within its current cash facilities, details of which are included in Note 22. The cash flow model includes the injection of $25m of cash which was raised following the year end on 29 June 2020, as detailed in Note 31.

Whilst the Directors are confident in the Group's ability to grow revenue, the Board's sensitivity modelling (which considered the impact of Brexit and COVID-19) shows that the Group can remain within its facilities in the event that revenue growth is delayed (i.e. revenue does not increase from the level reported in 2019) for a period in excess of twelve months. The Directors' financial forecasts and operational planning and modelling also include the actions, under the control of the Group, that they could take to further significantly reduce the cost base during the coming year in the event that longer-term revenue were set to remain consistent with the level reported in 2019. On the basis of this financial and operational modelling, the Directors believe that the Group has the capability and the operational agility to react quickly, cut further costs from the business and ensure that the cost base of the business is aligned with its revenue and funding scale.

As a consequence, the Directors have a reasonable expectation that the Group can continue to operate and to operate within its existing facilities and be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

3. Functional and presentational currency

See accounting policy in Note 29(b).

The consolidated financial statements are presented in US dollars, as the revenue for the Group is predominantly derived in this currency. Billings to the Group's customers during the year by WANdisco, Inc. were all in US dollars with certain costs being incurred by WANdisco International Limited in sterling and WANdisco, Pty Ltd in Australian dollars. All financial information has been rounded to the nearest thousand US dollars unless otherwise stated.

4. Use of judgements and estimates

See accounting policy in Note 29(c).

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 8 – revenue recognition.
- Note 13 – deferred tax asset.
- Note 17 – development costs.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 8 – revenue recognition: allocation of value to maintenance and support element of subscription arrangements.
- Note 17 – impairment test of intangible assets: key assumptions underlying recoverable amounts, including the recoverability of development costs.

(c) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 15 – share-based payment.

5. Changes in significant accounting policies – IFRS 16 "Leases"

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group applied IFRS 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. As a result, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The details of the changes in accounting policies are disclosed below. For further details see accounting policy in Note 29(q).

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease.

On the transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

(b) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying assets to the Group. Under IFRS 16, the Group recognises right of use assets and lease liabilities for most leases – i.e. these leases are on balance sheet.

5. Changes in significant accounting policies – IFRS 16 "Leases" continued

(b) As a lessee continued

(i) Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as an operating lease under IAS 17:

- applied the exemption not to recognise right of use assets and liabilities for leases with less than twelve months of lease term; and
- applied the exemption not to recognise right of use assets and liabilities for leases of low-value items.

(ii) Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right of use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

(iii) Disclosures

Disclosure of the interest expense on lease liabilities is included in Note 12 – Net finance (costs)/income.

Disclosure of movements in right of use assets and depreciation are included in Note 16 – Property, plant and equipment.

Disclosure of the lease liabilities are included in Note 22 – Loans and borrowings.

(c) Impacts on financial statements

The effect of initially applying this standard is as follows:

(I) recognition of a right of use asset and depreciation of this asset;

(II) removal of rent prepayment/accrual and charge to statement of profit or loss; and

(III) recognition of lease liability non-current and current and interest on this liability.

The following table summarises the impact of transition to IFRS 16 on retained earnings at 1 January 2019.

Retained earnings	Note	Impact of adopting IFRS 16 at 1 January 2019 $'000
Property, plant and equipment: right of use asset	5(c)(I)	1,865
Trade and other receivables: remove rent prepayment	5(c)(II)	(41)
Trade and other payables: remove rent accrual	5(c)(II)	57
Loans and borrowings – non-current: lease liability due in more than one year	5(c)(III)	(1,491)
Loans and borrowings – current: lease liability due in less than one year	5(c)(III)	(390)
Impact at 1 January 2019		–

The following tables summarise the impacts of adopting IFRS 16 on the Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 and the Consolidated statement of financial position for each of the line items affected. There was no material impact on the Consolidated statement of cash flows for the year ended 31 December 2019.

5. Changes in significant accounting policies – IFRS 16 "Leases" continued

(d) Impact on the Consolidated statement of profit or loss and other comprehensive income

Continuing operations	Note	Year ended 31 December 2019 As reported (IFRS 16) $'000	Year ended 31 December 2019 Adjustments $'000	Year ended 31 December 2019 Amounts without adoption of IFRS 16 $'000	As restated Year ended 31 December 2018 Amounts without adoption of IFRS 16 $'000
Revenue		16,155	—	16,155	17,019
Cost of sales		(1,186)	—	(1,186)	(1,544)
Gross profit		14,969	—	14,969	15,475
Cash overheads	5(c)(II)	(31,701)	(632)	(32,333)	(29,782)
Adjusted EBITDA including development expenditure		(16,732)	(632)	(17,364)	(14,307)
Development expenditure capitalised		5,062	—	5,062	4,910
Adjusted EBITDA		(11,670)	(632)	(12,302)	(9,397)
Amortisation and depreciation	5(c)(I)	(6,802)	573	(6,229)	(6,863)
Equity-settled share-based payment		(8,707)	—	(8,707)	(6,977)
Operating loss		(27,179)	(59)	(27,238)	(23,237)
Net finance (costs)/income	5(c)(III)	(1,970)	201	(1,769)	2,722
(Loss)/profit before tax		(29,149)	142	(29,007)	(20,515)
Income tax		885	—	885	802
(Loss)/profit for the year		(28,264)	142	(28,122)	(19,713)
Other comprehensive income for the year, net of tax		1,765	—	1,765	(2,874)
Total comprehensive income for the year		(26,499)	142	(26,357)	(22,587)

(e) Impact on the Consolidated statement of financial position

	Note	31 December 2019 As reported (IFRS 16) $'000	31 December 2019 Adjustments $'000	31 December 2019 Amounts without adoption of IFRS 16 $'000	31 December 2018 Amounts without adoption of IFRS 16 $'000
Non-current assets	5(c)(I)	11,628	(2,591)	9,037	8,924
Current assets	5(c)(II)	31,899	(48)	31,851	18,156
Total assets		43,527	(2,639)	40,888	27,080
Total equity		30,175	142	30,317	13,804
Non-current liabilities	5(c)(III)	4,081	(2,334)	1,747	1,378
Current liabilities	5(c)(II), 5(c)(III)	9,271	(447)	8,824	11,898
Total liabilities		13,352	(2,781)	10,571	13,276
Total equity and liabilities		43,527	(2,639)	40,888	27,080

6. Alternative performance measures

The Group uses a number of alternative performance measures ("APMs") which are non-IFRS measures to monitor the performance of its operations. The Group believes these APMs provide useful historical financial information to help investors and other stakeholders evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. In particular, the Group uses APMs which reflect the underlying performance on the basis that this provides a more relevant focus on the core business performance of the Group and aligns with our KPIs. Adjusted results exclude certain items because if included, these items could distort the understanding of our performance for the year and the comparability between periods. The Group has been using the following APMs on a consistent basis and they are defined and reconciled as follows:

- Cash overheads: Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 11 for a reconciliation.
- Adjusted EBITDA: Operating loss adjusted for: depreciation, amortisation and equity-settled share-based payment. See Note 11 for a reconciliation.

7. Operating segments

See accounting policy in Note 29(e).

The Directors consider there to be one operating segment, being that of development and sale of licences for software and related maintenance and support.

(a) Geographical segments

The Group recognises revenue in three geographical regions based on the location of customers, as set out in the following table:

Revenue	2019 $'000	2018 $'000
North America – USA	6,551	13,864
North America – other	44	236
Europe	2,152	1,785
Rest of the world – China	5,036	821
Rest of the world – South Africa	2,088	—
Rest of the world – other	284	313
	16,155	17,019

Management makes no allocation of costs, assets or liabilities between these segments since all trading activities are operated as a single business unit.

(b) Major products

The Group's core patented technology, DConE, enables the replication of data. This core technology is contained in all the Group's products.

(c) Major customers

	2019 % of revenue	2019 $'000 revenue	2018 % of revenue	2018 $'000 revenue
Customer 1	19%	3,117	—	—
Customer 2	13%	2,088	—	—
Customer 3	11%	1,857	—	—
Customer 4	—	—	32%	5,459
Customer 5	—	—	15%	2,471

No other single customers contributed 10% or more to the Group's revenue (2018: nil).

8. Revenue

See accounting policy in Note 29(d).

The Group generates revenue primarily from the sale of global collaboration software to its customers; see Note 7.

(a) Split of revenue by timing of revenue recognition

Revenue	2019 $'000	2018 $'000
Licences and services transferred at a point in time	12,596	13,472
Services transferred over time	3,559	3,547
	16,155	17,019

(b) Contract balances

The following table provides information about receivables, contract assets and liabilities from contracts with customers.

	31 December 2019 $'000	31 December 2018 $'000
Receivables, which are included in "Other non-current assets – accrued income"	2,826	2,340
Receivables, which are included in "Trade and other receivables – accrued income"	2,964	2,654
Contract liabilities, which are included in "Deferred income – non-current"	(1,188)	(1,277)
Contract liabilities, which are included in "Deferred income – current"	(2,622)	(3,041)

(c) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Revenue is recognised either when the performance obligation in the contract has been performed (so "point in time" recognition) or "over time" as control of the performance obligation is transferred to the customer.

9. Expenses

(a) Expenses by nature

	Note	2019 $'000	As restated 2018 $'000
Cost of sales		1,186	1,544
Staff costs		26,624	23,175
Development costs capitalised	17	(5,062)	(4,910)
Amortisation of development costs	17	5,284	5,725
Amortisation of other intangible assets	17	417	750
Depreciation of property, plant and equipment	16	1,101	388
Auditor's remuneration	9(b)	180	133
Other expenses		13,604	13,451
Operating expenses		42,148	38,712
Total cost of sales and operating expenses		43,334	40,256

Included in staff costs above are $284,000 (2018: $245,000) relating to payments made to defined contribution plans.

9. Expenses continued

(b) Auditor's remuneration

	2019 $'000	2018 $'000
Audit of these financial statements	126	93
Amounts receivable by auditor in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	54	40
	180	133

10. Exceptional items

See accounting policy in Notes 29(b) and (i).

	2019 $'000	2018 $'000
Exchange (loss)/gain on intercompany balances	(2,047)	2,793

The exceptional (loss)/gain arose on sterling-denominated intercompany balances. These balances were retranslated at the closing exchange rate at 31 December 2019, which was 1.31, a 3% increase compared to the rate of 1.27 at 31 December 2018. Sterling to US dollar exchange rates reduced during 2018 compared to 2017. Due to the size and nature of the exchange (loss)/gain in both years, it has been included as an exceptional item. The exceptional (loss)/gain on intercompany balances in the Consolidated statement of profit or loss is offset by an equivalent exceptional exchange gain/(loss) on the retranslation of the intercompany balances, which is included in the retranslation of net assets of foreign operations, included in the other comprehensive income.

11. Adjusted EBITDA and cash overheads

Management has presented the performance measures "Adjusted EBITDA" and "Cash overheads" because it monitors these performance measures at a consolidated level and it believes that these measures are relevant to an understanding of the Group's financial performance. Adjusted EBITDA and cash overheads are not defined performance measures in IFRS. The Group's definition of adjusted EBITDA and cash overheads may not be comparable with similarly titled performance measures and disclosures by other entities. As we implemented IFRS 16 there was a small reduction in operating expenses from the removal of $632,000 property rent and lease costs, which was offset by $573,000 depreciation expense on the right of use assets.

(a) Reconciliation of operating loss to "Adjusted EBITDA"

	Note	2019 $'000	As restated 2018 $'000
Operating loss		(27,179)	(23,237)
Adjusted for:			
Amortisation and depreciation		6,802	6,863
Equity-settled share-based payment	15(e)	8,707	6,977
Adjusted EBITDA		(11,670)	(9,397)
Development expenditure capitalised	17	(5,062)	(4,910)
Adjusted EBITDA including development expenditure		(16,732)	(14,307)

(b) Reconciliation of operating expenses to "Cash overheads"

	Note	2019 $'000	As restated 2018 $'000
Operating expenses	9(a)	(42,148)	(38,712)
Adjusted for:			
Amortisation and depreciation		6,802	6,863
Equity-settled share-based payment	15(e)	8,707	6,977
Development expenditure capitalised	17	(5,062)	(4,910)
Cash overheads		(31,701)	(29,782)

12. Net finance (costs)/income

See accounting policy in Note 29(j).

	2019 $'000	2018 $'000
Interest income on cash and cash equivalents	258	213
Interest income on non-current assets	346	230
Net foreign exchange gain	—	2,793
Finance income	604	3,236
Net foreign exchange loss	(2,047)	—
Interest payable on bank borrowings	(237)	(321)
Leases (interest portion) (2018: Interest on finance leases)	(209)	(15)
Finance charges	—	(63)
Loan amortisation costs	(81)	(115)
Finance costs	(2,574)	(514)
Net finance (costs)/income	(1,970)	2,722

13. Income tax

See accounting policy in Note 29(k).

(a) Amounts recognised in profit or loss

	2019 $'000	2018 $'000
Current tax expense		
Current year	636	445
Changes in estimates related to prior year	249	357
Income tax	885	802

(b) Reconciliation of effective tax rate

	2019 %	2019 $'000	2018 %	As restated 2018 $'000
Loss before tax from continuing operations		29,149		20,515
Tax using the Company's domestic tax rate	21%	6,121	21%	4,308
Effect of tax rates in foreign jurisdictions	0%	(61)	(1%)	(186)
Tax effect of:				
Non-deductible expenses	(5%)	(1,476)	(7%)	(1,400)
Tax exempt (expenses)/income	(1%)	(317)	3%	517
R&D tax credits	1%	351	1%	223
Losses not recognised for current or deferred tax	(14%)	(3,982)	(15%)	(3,017)
Changes in estimates related to prior year	1%	249	2%	357
	3%	885	4%	802

Non-taxable (expenses)/income reflects the tax impact of the exceptional foreign exchange translation gain/(loss) included in loss before tax.

The changes in estimates related to prior year of $249k (2018: $357k) includes an additional amount now recognised in respect of research and development tax credits relating to prior year of $249k (2018: $320k).

13. Income tax continued

(c) Factors affecting the current and future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) were substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred taxation balance for UK tax resident members of the Group at 31 December 2019 has been calculated based on the rate of 17% (2018: 17%).

In December 2017, numerous changes to the tax laws were enacted in the US, including a decrease in the corporate tax rate from 35% to 21%. The deferred tax balance for US tax resident members of the Group at 31 December 2019 has been calculated based on the rate of 21% (2018: 21%).

(d) Deferred tax assets and liabilities

Deferred tax liabilities are attributable to the following temporary differences in respect of property, plant and equipment:

	2019 $'000	2018 $'000
Deferred tax liability	(4)	(3)

The Group has unrecognised deferred tax assets of $21,491,000 (2018: $16,239,000) in respect of tax losses arising in the Group.

The Directors consider that there is not enough certainty over the availability of future taxable profits against which these losses may be offset and no asset has therefore been recognised.

14. Loss per share

(a) Basic loss per share

The calculation of basic loss per share has been based on the following loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

	2019 $'000	As restated 2018 $'000
Loss for the year attributable to ordinary shareholders	28,264	19,713

Weighted average number of ordinary shares

	2019 Number of shares '000	2018 Number of shares '000
Issued ordinary shares at 1 January	42,523	40,904
Effect of shares issued in the year	2,608	828
Weighted average number of ordinary shares at 31 December	45,131	41,732

	2019 $	As restated 2018 $
Basic loss per share	0.63	0.47

14. Loss per share continued

(b) Adjusted loss per share

Adjusted loss per share is calculated based on the loss attributable to ordinary shareholders before exceptional items, acquisition-related items and the cost of equity-settled share-based payment, and the weighted average number of ordinary shares outstanding:

	2019 $'000	As restated 2018 $'000
Loss for the year attributable to ordinary shareholders	28,264	19,713
Adjusted for:		
Exceptional items	(2,047)	2,793
Equity-settled share-based payment	(8,707)	(6,977)
Adjusted loss for the year	17,510	15,529

	2019 $	As restated 2018 $
Adjusted loss per share	0.39	0.37

(c) Diluted loss per share

Due to the Group having losses in all years presented, the fully diluted loss per share for disclosure purposes, as shown in the Consolidated statement of profit or loss and other comprehensive income, is the same as for the basic loss per share.

15. Share-based payment

See accounting policy in Note 29(g)(ii).

(a) Prior year adjustment

The 2018 share-based payment charge has been adjusted to correct the accounting for options with graded vesting on grants awarded prior to 1 January 2018. Previously, the share-based payment charge was recorded evenly over the vesting period of the respective options, on a straight-line basis. The share-based payment charge now reflects the impact of the graded vesting conditions of the underlying options.

The impact of the prior year adjustment are:

- The 2018 share-based payment charge was increased by $1,120,000 to $6,977,000, resulting in an increase in both operating expenses and operating loss by the same amount in the Consolidated statement of profit or loss and other comprehensive income.
- The Consolidated statement of changes in equity for 2018 also reflects the same increase in the share-based payment charge by $1,120,000 to $6,977,000.
- Basic and diluted loss per share for 2018 was increased from $0.45 to $0.47.
- As a non-cash item, there is no impact on cash flow, retained earnings, net assets or KPIs.

(b) Description of share-based payment arrangements

The Group operates share option plans for employees of the Group. Options in the plans are settled in equity in the Company and are normally subject to a vesting schedule but not conditional on any performance criteria being achieved.

15. Share-based payment continued

(b) Description of share-based payment arrangements continued

The terms and conditions of the share option grants between 14 September 2011 (the date WANdisco plc acquired WANdisco, Inc.) and 31 December 2019 are as follows:

Date of grant	Expected term (years)	Exercisable between: Commencement	Exercisable between: Lapse	Exercise price	Vesting schedule (see page 66)	Outstanding at 31 December 2019
14 Sep 11	9	22 Jul 11	14 Sep 21	£0.36	1	25,000
16 May 12	9	13 Jan 13	12 Jan 22	£0.36	1	175,000
16 May 12	9	13 Jan 13	30 Jan 22	£0.23	1	293,735
21 Jun 12	10	21 Jun 12	20 Jun 22	£2.00	2	13,950
7 Dec 12	10	7 Dec 12	7 Dec 22	£4.55	1	84,017
18 Aug 14	3	18 Aug 14	17 Aug 24	£0.10	3	1,955
15 Sep 14	10	15 Sep 14	14 Sep 24	£4.00	1	17,084
22 Dec 14	3	22 Dec 14	21 Dec 24	£0.10	3	5,000
2 Jun 15	10	2 Jun 15	1 Jun 25	£2.55	4	1,666
23 Jun 15	3	23 Jun 15	22 Jun 25	£0.10	4	26,000
23 Oct 15	3	23 Oct 15	22 Oct 25	£0.10	4	27,833
2 Nov 15	3	2 Nov 15	1 Nov 25	£0.10	4	5,000
22 Jan 16	10	22 Jan 16	21 Jan 26	£0.75	4	2,000
28 Jan 16	3	28 Jan 16	27 Jan 26	£0.10	4	5,000
24 Mar 16	3	24 Mar 16	23 Mar 26	£0.10	4	6,667
9 Mar 16	10	9 Mar 16	8 Mar 26	£1.41	4	12,151
16 Sep 16	10	16 Sep 16	15 Sep 26	£2.00	4	10,000
6 Dec 16	10	6 Dec 16	5 Dec 26	£1.90	4	677,230
21 Jan 17	10	21 Jan 17	20 Jan 27	£3.90	3	179,763
13 Mar 17	10	13 Mar 17	10 Mar 27	£4.58	3	420,000
31 Mar 17	10	31 Mar 17	28 Mar 27	£4.24	3	22,080
30 May 17	10	30 May 17	27 May 27	£4.45	3	43,667
24 Oct 17	10	24 Oct 17	21 Oct 27	£8.20	3	62,388
11 Sep 17	10	1 Jul 17	8 Sep 27	£6.68	3	15,527
11 Sep 17	3	1 Jul 17	8 Sep 27	£0.10	4	200,001
24 Oct 17	3	24 Oct 17	21 Oct 27	£0.10	4	20,000
1 Nov 17	10	24 Oct 17	29 Oct 27	£8.39	3	423,707
13 Mar 18	3	4 Jan 18	12 Mar 28	£0.10	4	14,585
13 Mar 18	3	19 Feb 18	12 Mar 28	£0.10	3	150,000
4 Apr 18	10	26 Feb 18	3 Apr 28	£8.34	3	2,000
4 Apr 18	10	26 Mar 18	3 Apr 28	£8.34	3	16,638
28 Sep 18	10	9 Apr 18	27 Sep 28	£6.40	3	10,000
28 Sep 18	10	4 Jun 18	27 Sep 28	£6.40	3	15,000
28 Sep 18	10	21 May 18	27 Sep 28	£6.40	3	10,000
28 Sep 18	10	30 Jul 18	27 Sep 28	£6.40	3	2,000
2 Oct 18	2	23 May 18	1 Oct 28	£0.10	6	642,766
2 Oct 18	3	23 May 18	1 Oct 28	£0.10	7	416,215
2 Oct 18	3	9 Jul 18	1 Oct 28	£0.10	4	9,000
2 Oct 18	3	21 May 18	1 Oct 28	£0.10	6	80,346
2 Oct 18	3	6 Aug 18	1 Oct 28	£0.10	4	2,000
9 Nov 18	10	17 Sep 18	8 Nov 28	£3.60	3	21,000
9 Nov 18	10	15 Oct 18	8 Nov 28	£3.60	3	1,444
9 Nov 18	10	8 Nov 18	8 Nov 28	£3.60	3	5,000
5 Dec 18	3	9 Nov 18	8 Nov 28	£0.10	5	44,498
29 Apr 19	10	19 Nov 18	28 Apr 29	£5.10	3	2,000
29 Apr 19	3	26 Nov 18	28 Apr 29	£0.10	4	2,000
29 Apr 19	3	10 Dec 18	28 Apr 29	£0.10	4	5,000
29 Apr 19	10	11 Dec 18	28 Apr 29	£5.10	3	6,000
29 Apr 19	10	1 Jan 19	28 Apr 29	£5.10	3	5,000
29 Apr 19	10	3 Jan 19	28 Apr 29	£5.10	3	3,000
29 Apr 19	3	8 Jan 19	28 Apr 29	£0.10	4	20,000
29 Apr 19	10	14 Jan 19	28 Apr 29	£5.10	3	3,000
29 Apr 19	10	21 Feb 19	28 Apr 29	£5.10	3	14,000
29 Apr 19	10	4 Mar 19	28 Apr 29	£5.10	3	7,000
29 Apr 19	10	8 Apr 19	28 Apr 29	£5.10	3	10,000
30 Apr 19	3	30 Apr 19	29 Apr 29	£0.10	7	614,668
30 Apr 19	1	30 Apr 19	29 Apr 29	£0.10	5	65,576
22 May 19	10	13 May 19	21 May 29	£5.38	3	5,000
22 May 19	10	20 May 19	21 May 29	£5.38	3	5,000
22 May 19	3	18 Apr 19	21 May 29	£0.10	4	3,500
1 Aug 19	10	3 Jun 19	31 Jul 29	£5.95	3	3,500
1 Aug 19	3	24 Jun 19	31 Jul 29	£0.10	4	10,000
1 Aug 19	10	7 Jul 19	31 Jul 29	£5.95	3	15,000
1 Aug 19	3	31 Jul 19	31 Jul 29	£0.10	4	10,000
						5,028,157

15. Share-based payment continued

(b) Description of share-based payment arrangements continued

The following vesting schedule applies:

1. 25% of option vests on exercisable commencement date; 1/48 of granted option shares vest monthly thereafter.
2. Option vests on third anniversary of the date of grant.
3. Option vests 33% on first anniversary of vesting commencement date, with the balance vesting monthly thereafter until final vesting date.
4. Option vests in three instalments: one-third on first anniversary of vesting commencement date, one-third on second anniversary and one-third on third anniversary.
5. Option vests 100% on first anniversary of vesting commencement date.
6. Option vests in two instalments: 50% on the first anniversary of vesting commencement date and 50% on the second anniversary.
7. Option vests in two instalments: 30% on the second anniversary of vesting commencement date and 70% on the third anniversary.

(c) Measurement of fair values

The fair value of the employee share purchase plan has been measured using a Black-Scholes option pricing model.

The inputs used in the measurement of fair values at grant date of the equity-settled share-based payment plans were as follows:

	2019	2018
Weighted average share price	**$6.39**	$8.04
Exercise price	**$0.78**	$0.65
Dividend yield	**0%**	0%
Risk-free interest rate	**0.73%**	0.80%
Expected volatility	**30%**	30%
Expected life (years)	**1-3 years**	1-3 years
Weighted average fair value of options granted during the year	**$6.00**	$7.88

- The dividend yield is based on the Company's forecast dividend.
- The risk-free interest rate is based on the treasury bond rates for the expected life of the option.
- Expected volatility is based on the historical volatility of shares of listed companies with a similar profile to the Company.
- Expected life in years is determined from the average expected period to exercise.

15. Share-based payment continued

(d) Reconciliation of outstanding share options

The number and weighted average exercise prices of share options (including previous options in WANdisco, Inc.) under the share option plans were as follows:

	Number of options 2019	Weighted average exercise price 2019 $	Number of options 2018	Weighted average exercise price 2018 $
Outstanding at 1 January	4,662,070	2.80	4,901,699	2.96
Forfeited during the year	(283,257)	1.77	(269,824)	2.52
Exercised during the year	(229,965)	1.57	(1,619,062)	0.57
Granted during the year	879,309	0.78	1,649,257	0.65
Outstanding at 31 December	5,028,157	2.57	4,662,070	2.80
Exercisable at 31 December	2,983,106	3.41	1,823,334	3.55
Vested at the end of the year	2,983,106	3.41	1,823,334	3.55

	2019 $	2018 $
Exercise price in the range:		
From	0.13	0.13
To	10.65	10.65

	2019 Years	2018 Years
Weighted average contractual life remaining	7.4	8.1

(e) Expense recognised in profit or loss

	2019 $'000	As restated 2018 $'000
Total equity-settled share-based payment charge	8,707	6,977

16. Property, plant and equipment

See accounting policy in Note 29(l) and (q).

(a) Reconciliation of carrying amount

	Right of use assets $'000	Leasehold improvements $'000	Fixtures and fittings $'000	Computers $'000	Total $'000
Cost					
Balance at 1 January 2018	—	169	289	1,164	1,622
Additions	—	39	45	593	677
Disposals	—	(2)	(7)	(34)	(43)
Effect of movements in exchange rates	—	—	—	(9)	(9)
Balance at 31 December 2018	—	206	327	1,714	2,247
Balance at 1 January 2019	—	206	327	1,714	2,247
Impact of change in accounting policy – IFRS 16	1,865	—	—	—	1,865
Adjusted balance at 1 January 2019	1,865	206	327	1,714	4,112
Additions	1,301	417	17	407	2,142
Disposals	—	—	—	(2)	(2)
Effect of movements in exchange rates	3	2	5	20	30
Balance at 31 December 2019	**3,169**	**625**	**349**	**2,139**	**6,282**
Accumulated depreciation					
Balance at 1 January 2018	—	(134)	(288)	(644)	(1,066)
Depreciation	—	(24)	(4)	(360)	(388)
Disposals	—	2	8	25	35
Effect of movements in exchange rates	—	—	—	—	—
Balance at 31 December 2018	—	(156)	(284)	(979)	(1,419)
Balance at 1 January 2019	—	(156)	(284)	(979)	(1,419)
Depreciation	(573)	(40)	(17)	(471)	(1,101)
Disposals	—	—	—	2	2
Effect of movements in exchange rates	(5)	(2)	(4)	(18)	(29)
Balance at 31 December 2019	**(578)**	**(198)**	**(305)**	**(1,466)**	**(2,547)**
Carrying amounts					
At 31 December 2018	—	50	43	735	828
At 31 December 2019	**2,591**	**427**	**44**	**673**	**3,735**

(b) Right of use assets

	Property $'000	Computers $'000	Total $'000
Adjusted balance at 1 January 2019	1,846	19	1,865
Additions	1,300	1	1,301
Depreciation	(568)	(5)	(573)
Effect of movements in exchange rates	(2)	—	(2)
Balance at 31 December 2019	**2,576**	**15**	**2,591**

16. Property, plant and equipment continued

(b) Right of use assets continued

Property leases

The Group leases land and buildings for its office space. These leases run between three and ten years. Some leases include the option to renew the lease for an additional period of the same duration after the end of the contract term. Options to renew are only included in the term if it is reasonably certain that the option will be exercised.

Some leases provide for additional rent payments based on local price indices.

Other leases

The Group leases computer equipment, with lease terms of three to five years. For the low-value items, the Group has elected not to recognise right of use assets and lease liabilities for these leases.

17. Intangible assets

See accounting policy in Notes 29(m) and (p).

(a) Reconciliation of carrying amount

	Other intangible assets $'000	Development costs $'000	Computer software $'000	Total $'000
Cost				
Balance at 1 January 2018	3,154	43,319	1,689	48,162
Acquisitions – internally developed	—	4,910	—	4,910
Balance at 31 December 2018	3,154	48,229	1,689	53,072
Balance at 1 January 2019	3,154	48,229	1,689	53,072
Acquisitions – internally developed	—	5,062	—	5,062
Balance at 31 December 2019	**3,154**	**53,291**	**1,689**	**58,134**
Accumulated amortisation				
Balance at 1 January 2018	(3,154)	(37,405)	(522)	(41,081)
Amortisation	—	(5,725)	(750)	(6,475)
Balance at 31 December 2018	(3,154)	(43,130)	(1,272)	(47,556)
Balance at 1 January 2019	(3,154)	(43,130)	(1,272)	(47,556)
Amortisation	—	(5,284)	(417)	(5,701)
Balance at 31 December 2019	**(3,154)**	**(48,414)**	**(1,689)**	**(53,257)**
Carrying amounts				
At 31 December 2018	—	5,099	417	5,516
At 31 December 2019	—	**4,877**	—	**4,877**

(b) Amortisation

The amortisation charge on intangible assets is included in operating expenses in the Consolidated statement of profit or loss and other comprehensive income.

17. Intangible assets continued

(c) Impairment test

The carrying amount of the intangible assets is allocated across cash-generating units ("CGUs"). A CGU is defined as the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. The recoverable amount of the CGUs is determined using value in use ("VIU") calculations. As at 31 December 2019 and 2018, the Group had one CGU, the DConE CGU, which represents the Group's patented DConE replication technology, forming the basis for all products sold by the Group.

Other intangible assets arose as part of the acquisitions of OhmData, Inc. in June 2014 and AltoStor, Inc. in November 2012. The intangibles arising as part of these acquisitions are allocated to the DConE CGU. The recoverable amount of the DConE CGU has been calculated on a VIU basis at both 31 December 2019 and 31 December 2018. These calculations use cash flow projections based on financial forecasts, which anticipate growth in the Group's installed base along with new customer growth, resulting in an average revenue growth of 83% over the five-year period with a 34% increase in cost base over the five-year period, and appropriate long-term growth rates. To prepare VIU calculations, the cash flow forecasts are discounted back to present value using a pre-tax discount rate of 10% (2018: 10%) and a terminal value growth rate of 2% (2018: 2%) from 2025. The Directors have reviewed the recoverable amount of the CGU and do not consider there to be any indication of impairment.

A sensitivity analysis was performed for the DConE CGU and management concluded that no reasonably possible change in any of the key assumptions would cause for the carrying value of the DConE CGU to exceed its recoverable amount.

(d) Development costs

Development costs are predominantly capitalised staff costs associated with new products and services. Development costs are allocated to the DConE CGU, the recoverable amount of which has been determined on a VIU basis as described above.

18. Other non-current assets

Due in more than a year	2019 $'000	2018 $'000
Other receivables	190	240
Accrued income	2,826	2,340
	3,016	2,580

19. Trade and other receivables

See accounting policy in Note 29(n).

Due within a year	2019 $'000	2018 $'000
Trade receivables	2,773	1,810
Other receivables	753	1,059
Accrued income	2,964	2,654
Corporation tax	1,441	1,304
Prepayments	614	572
Total trade and other receivables	8,545	7,399

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 25(a)(ii) and (iv).

20. Cash and cash equivalents

	2019 $'000	2018 $'000
Bank balances	23,354	10,757

21. Equity

See accounting policy in Note 29(o).

(a) Share capital

	2019 Number	2019 $'000	2018 Number	2018 $'000
Share capital				
Allotted and fully paid – par value 10 pence	48,240,880	7,097	42,523,003	6,361
Authorised – par value 10 pence	100,000,000		100,000,000	

The ordinary share capital of WANdisco plc is designated in sterling.

(b) Ordinary shares

During the year, 229,965 ordinary shares were issued because of employees exercising share options.

On 14 February 2019 the Group announced the subscription of 2,489,499 new ordinary shares of 10 pence each in the Company by existing shareholders at a price of 546 pence (a premium of 9.2% on the closing share price on 13 February 2019) raising gross proceeds of $17.5m. Transaction costs were $57,000.

On 25 November 2019 the Group announced the subscription of 2,998,413 new ordinary shares of 10 pence each in the Company by existing shareholders at a price of 425 pence (a premium of 23.2% on the closing share price on 22 November 2019) raising gross proceeds of $16.5m. Transaction costs were $108,000.

Following the year end on 12 June 2020 the Group announced a placing (which was approved by General Meeting on 29 June 2020) for the subscription of 3,100,000 new ordinary shares of 10 pence each in the Company (comprising 2,362,515 placing shares and 737,485 direct subscription shares) at a price of 650 pence (a discount of 12.2% on the closing share price on 11 June 2020) raising gross proceeds of approximately $25m.

(c) Nature and purpose of reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Merger reserve

The acquisition by WANdisco plc of the entire share capital of WANdisco, Inc. in 2012 was accounted for as a reverse acquisition. Consequently, the previously recognised book values and assets and liabilities were retained and the consolidated financial information for the period to 16 May 2012 has been presented as a continuation of the WANdisco business, which was previously wholly owned by the WANdisco, Inc. Group.

The share capital for the period covered by these consolidated financial statements and the comparative periods is stated at the nominal value of the shares issued pursuant to the above share arrangement. The difference between the nominal value of these shares and the nominal value of WANdisco, Inc. shares at the time of the acquisition has been transferred to the merger reserve.

22. Loans and borrowings

See accounting policy in Notes 29(n) and (q).

	2019 $'000	2018 $'000
Non-current liabilities		
Secured bank loan	555	–
Lease liabilities (2018: Finance lease liabilities)	2,334	98
	2,889	98
Current liabilities		
Current portion of secured bank loan	1,667	3,889
Current portion of lease liabilities (2018: Finance lease liabilities)	545	101
	2,212	3,990
Total loans and borrowings	5,101	4,088

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 25.

22. Loans and borrowings continued

(a) Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

				31 December 2019		31 December 2018	
Borrowing	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Secured bank loan	US dollars	US prime rate + 1.5%	2021	2,318	2,222	4,217	3,889
Lease liabilities (2018: Finance lease liabilities)	US dollars	8%	3–10 years	3,590	2,879	210	199
Total interest bearing				5,908	5,101	4,427	4,088

At 31 December 2019, the $2.2m of bank loan (2018: $3.9m) represents term debt drawn down with Silicon Valley Bank. The facility comprises $2.2m (2018: $3.9m) term debt, with an interest-only period to 31 May 2018, followed by a three-year maturity at a floating interest rate charged at 1.5% above the US prime rate. The bank loan is secured over the assets of Wandisco, Inc.

In 2018, the secured bank loan contained a covenant stating that at the end of each quarter the Group's EBITDA, defined in Note 6, should be within a figure defined by the bank. The Group exceeded this figure in the fourth quarter of 2018. However, management obtained a waiver from the bank on 29 March 2019 and the EBITDA covenant was removed in 2019.

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows

	2019 $'000	2018 $'000
Less than one year	758	110
Between one and five years	1,989	100
More than five years	843	—
	3,590	210

Expenses relating to short-term leases recognised in profit or loss were $8,300.

(c) Reconciliation of movements in liabilities to cash flows arising from financing activities

	Lease liabilities $'000	Bank loan $'000
Balance at 1 January 2019	199	3,889
Impact of change in accounting policy – IFRS 16	1,881	—
Adjusted balance at 1 January 2019	2,080	3,889
New lease liability	1,301	—
Repayment of borrowings	—	(1,667)
Payment of lease liabilities	(502)	—
Total changes from financing cash flows	(502)	(1,667)
Balance at 31 December 2019	2,879	2,222

23. Deferred income

See accounting policy in Note 29(d).

Deferred income which falls due:	2019 $'000	2018 $'000
Within a year	2,622	3,041
In more than a year	1,188	1,277
Total deferred income	3,810	4,318

Deferred income represents contracted sales for which services to customers will be provided in future years.

24. Trade and other payables

	2019 $'000	2018 $'000
Trade payables	864	1,330
Accrued expenses	3,507	3,530
	4,371	4,860

25. Financial instruments – fair values and risk management

See accounting policy in Notes 29(n) and (s).

(a) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see (a)(ii));
- liquidity risk (see (a)(iii));
- market risk (see (a)(iv));
- currency risk (see (a)(v)); and
- interest rate risk (see (a)(vi)).

(i) Risk management framework

The Group's risk management policies are established to identify and analyse risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

25. Financial instruments – fair values and risk management continued

(a) Financial risk management continued

(ii) Credit risk continued

Trade receivables

The carrying amounts of financial assets represent the maximum credit exposure and approximate to their fair value.

Ageing of trade receivables

	2019 $'000	2018 $'000
Neither past due nor impaired	2,547	1,478
Past due but not impaired		
Past due 1–30 days	226	255
Past due 31–90 days	—	77
Total not impaired trade receivables	2,773	1,810

There were no credit losses applied to trade receivables in 2019 or 2018 as they were all assessed as low risk. The Group assesses expected credit loss for each individual customer considering their financial position, experience and other factors.

All trade receivables are denominated in US dollars.

Cash and cash equivalents

The Group held cash and cash equivalents of $23.4m at 31 December 2019 (2018: $10.8m). The cash and cash equivalents are held with banks which are rated P-1 for short-term obligations, based on Moody's ratings.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have enough liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

		Contractual cash flows				
At 31 December 2019	Carrying amount $'000	Total $'000	Less than 12 months $'000	1–2 years $'000	2–5 years $'000	>5 years $'000
Non-derivative financial liabilities						
Secured bank loan	2,222	2,318	1,755	563	—	—
Lease liabilities	2,879	3,590	758	709	1,280	843
Trade payables	4,371	4,371	4,371	—	—	—
	9,472	10,279	6,884	1,272	1,280	843

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

25. Financial instruments – fair values and risk management continued

(a) Financial risk management continued

(iv) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

The Group may be affected by general market trends, which are unrelated to the performance of the Group itself. The Group's success will depend on market acceptance of the Group's products and there can be no guarantee that this acceptance will be forthcoming. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

(v) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily US dollars, sterling and Australian dollars.

The following table shows the denomination of the year-end cash and cash equivalents balance:

	Euro $'000	Sterling $'000	Australian dollar $'000	US dollar $'000	Total $'000
2019 cash and cash equivalents	**935**	**1,177**	**47**	**21,195**	**23,354**
2018 cash and cash equivalents	–	185	18	10,554	10,757

Had the foreign exchange rate between the US dollar and sterling changed by 5%, this would have affected the loss for the year and the net assets of the Group by $648,000 (2018: $631,000).

(vi) Interest rate risk

The Group is exposed to interest rate risk on its $2.2m debt drawing (2018: $3.9m), on which interest is charged at 1.5% above the US prime rate.

(vii) Capital management

The Group defines the capital that it manages as its total equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and support the growth of the business.

26. List of subsidiaries

See accounting policy in Note 29(a).

Set out below is a list of the subsidiaries of the Group:

Company name	Country of incorporation	Holding	Proportion of shares held	Nature of business
WANdisco International Limited	UK	Ordinary shares	100%	Development and provision of global collaboration software
WANdisco, Inc.	US	Ordinary shares	100%	Development and provision of global collaboration software
OhmData, Inc.	US	Ordinary shares	100%	Dormant
AltoStor, Inc.	US	Ordinary shares	100%	Dormant
WANdisco, Pty Ltd	Australia	Ordinary shares	100%	Development and provision of global collaboration software
WANdisco Software (Chengdu) Ltd	China	Ordinary shares	100%	Development and provision of global collaboration software

All of the above entities are included in the consolidated financial statements.

27. Commitments and contingencies

At 31 December 2019 the Group had no capital commitments (31 December 2018: $nil).

The Group had no contingent liabilities at 31 December 2019 (31 December 2018: none).

28. Related parties

(a) Transactions with key management personnel

Key management personnel compensation comprised the following:

	2019 $'000	As restated 2018 $'000
Short-term employee benefits	4,842	4,314
Equity-settled share-based payment	6,144	4,909
	10,986	9,223

Further details on the remuneration, share options and pension entitlements of the Directors are included in the Directors' share options and the Directors' remuneration tables included in the Remuneration Committee report on page 43, which form part of these audited financial statements.

29. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (see also Note 5).

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration is measured at fair value at the date of acquisition.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into US dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into US dollars at an average rate for the year, where this approximates to the foreign exchange rates ruling at the dates the fair value was determined.

Foreign currency differences are recognised in other comprehensive income ("OCI") and accumulated in the translation reserve.

29. Significant accounting policies continued

(c) Use of estimates and judgements

The preparation of financial information in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(i) Accounting estimates

The preparation of financial statements in conformity with adopted IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Directors consider the following to be the estimates applicable to the financial statements, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year or in the long term:

Revenue

Key assumption: When allocating revenue between different performance obligations, the fair value of the various components is required, which involves the use of estimates to establish the relative fair values. See Note 8.

(ii) Judgements

The Group applies judgement in how it applies its accounting policies, which do not involve estimation, but could materially affect the numbers disclosed in these financial statements. The key accounting judgements, without estimation, that have been applied in these financial statements are as follows:

Development costs

Capitalisation of development expenditure is completed only if development costs meet certain criteria. Full detail of the criteria is in Note 29(m)(i).

- Alternative accounting judgement that could have been applied – not capitalising development costs.
- Effect of that alternative accounting judgement – reduction of $4,877,000 of assets' carrying value.

Revenue

An additional area of judgement is the recognition and deferral of revenue in the situation when different performance obligations are bundled. For example, the carve-out of the term licence in a subscription arrangement from the maintenance and support element. When products are bundled together for the purpose of sale, the associated revenue, net of all applicable discounts, is allocated between the constituent parts of the bundle on a relative fair value basis. The Group has a systematic basis for allocating relative fair values in these situations.

- Alternative accounting judgement that could have been applied – alternative methodology to allocate the fair values.
- Effect of that alternative accounting judgement – change in revenue figure and deferred income by the same amount.

Deferred tax asset

The Group has unrecognised deferred tax assets where judgement has been applied around the amount to recognise. Further details are included in Note 13(d).

- Alternative accounting judgement that could have been applied – recognition of deferred tax asset.
- Effect of that alternative accounting judgement – increase of $21,491,000 in assets.

29. Significant accounting policies continued

(d) Revenue from contracts with customers

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

The details of the accounting policies in relation to the Group's various products and services are set out below:

Type of product/service	IFRS 15 treatment
Software licences – perpetual licences	Under IFRS 15, revenue on perpetual licences is recognised in full once the licence has been granted and the customer has been provided with access to the software as it is considered that control has been passed at that point in time.
Software subscriptions (which include both a term software licence and a maintenance and support contract)	Under IFRS 15 subscription arrangements have been split into two performance obligations which are both considered as distinct: • term software licence; and • maintenance and support. The allocation of transaction price between the two performance obligations is based on an adjusted market assessment approach. Term software licences are treated like perpetual licences with revenue being recognised in full once the licence has been granted and the customer has been provided with access to the software as it is considered that control has been passed at that point in time. The maintenance and support component is spread over the life of the contract as the performance obligation is satisfied over time matching the period of the contract.
Maintenance and support contracts	Maintenance and support revenue is spread over time as the performance obligation is satisfied over the period of the contract.
Training, implementation and professional services	Sales of training, implementation and professional services are recognised on delivery of the services at a point in time.
Royalties	Royalties are accounted for on an accruals basis. Under IFRS 15 the recognition of royalties is prohibited until the sale or usage occurs, even if the sale or usage is probable.
Sales commissions	Under IFRS 15, the costs of obtaining a contract should be recognised as an asset and subsequently amortised if they are incremental and are expected to be recovered. Amortisation is charged on a basis consistent with the transfer to the customer of the licence or services to which the capitalised costs relate.

The Group determines the transaction price it is entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts. Customers either pay up-front or in payment instalments over the term of the related service agreement.

Contract assets relate to:

- accrued income – licence revenue which has been recognised but has not yet been billed to the customer (as is being billed in instalments over the term of the related service agreement) at the reporting date. The contract asset is transferred to receivables when the Group issues an invoice to the customer.

Contract liabilities relate to deferred income which is recognised as revenue when the performance obligations are satisfied.

(e) Segmental reporting

The Directors consider there to be one operating segment, being that of development and sale of licences for software and related maintenance and support.

The Group has adopted IFRS 8 "Operating Segments" from the date of transition to IFRS. IFRS 8 requires the Group to determine and present its operating segments based on information which is provided internally to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing the performance of the operating segment, has been identified as the Chief Executive Officer.

29. Significant accounting policies continued

(f) Cost of sales

Cost of sales includes commissions earned by our salesforce on sales and direct costs relating to software supply.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past services provided by the employee and the obligation can be estimated reliably.

(ii) Share-based payment arrangements

The grant date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market-based performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within twelve months of the reporting date, then they are discounted.

(h) Government grants

The Group recognises an unconditional government grant related to development costs as deferred income at fair value if there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

(i) Exceptional items

Exceptional items comprise items of income and expense that are material in amount and that merit separate disclosure in order to provide an understanding of the Group's underlying financial performance.

(j) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

29. Significant accounting policies continued

(k) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year (including R&D tax credits) and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

29. Significant accounting policies continued

(l) Property, plant and equipment continued

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

• Computer equipment	Three years
• Fixtures and fittings	Three years
• Leasehold improvements	Three to five years
• Right of use assets	Life of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Other intangible assets (including computer software)	Other intangible assets, including those acquired on acquisition of subsidiaries, have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.
Development costs	Expenditure on research activities is recognised in profit or loss as incurred. Development activities relate to software development and involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if: • development costs can be measured reliably; • the product or process is technically and commercially feasible; • future economic benefits are probable; and • the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. The expenditure capitalised includes direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Otherwise, development costs are recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

• Other intangible assets	Two years
• Development costs	Two years
• Computer software	Over the life of the software licence

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

29. Significant accounting policies continued

(n) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – business model assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

29. Significant accounting policies continued

(n) Financial instruments continued

(ii) Classification and subsequent measurement continued

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are measured in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis to realise the asset and settle the liability simultaneously.

(o) Share capital

Share capital is denominated in sterling and is translated into US dollars on issue with no subsequent retranslation. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

29. Significant accounting policies continued

(p) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for estimate credit losses ("ECL") on:

- financial assets measured at amortised cost; and
- contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

For other financial assets, when determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the customer;
- a breach of contract, such as a default; or
- it is probable that the customer will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

29. Significant accounting policies continued

(q) Leases

(i) Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are mostly relevant to changing how and for what purpose the asset is used is predetermined; the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(iii) As a lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which compromises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

29. Significant accounting policies continued

(q) Leases continued

(iii) As a lessee continued

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

(iv) Short-term leases and leases of low-value assets

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(v) Under IAS 17

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(r) Operating loss

Operating loss is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating loss excludes net finance costs and income taxes.

(s) Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 25).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

30. Standards issued but not yet effective

Several new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards (effective date 1 January 2020);
- IFRS 17 "Insurance Contracts" (effective date 1 January 2021);
- Definition of a Business (Amendments to IFRS 3) (effective date 1 January 2020);
- Definition of Material (Amendments to IAS 1 and IAS 8) (effective date 1 January 2020); and
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

31. Subsequent events

On 12 June 2020 the Group announced a placing (which was approved by General Meeting on 29 June 2020) for the subscription of 3,100,000 new ordinary shares of 10 pence each in the Company (comprising 2,362,515 placing shares and 737,485 direct subscription shares) at a price of 650 pence (a discount of 12.2% on the closing share price on 11 June 2020), raising gross proceeds of $25m. This represents 6.4% of the entire existing share capital of WANdisco. The proceeds will be used to support our relationships with strategic cloud partners and provide growth working capital.

The global expansion of the COVID-19 virus since the fiscal year end has resulted in macroeconomic uncertainty. Whilst there has been no material impact on the Group as at the date of this report it is difficult to assess the short to longer-term impact of that uncertainty on the Group's operations.

As at 31 May 2020 the Group had cash reserves of $11.6m.

Despite the significant challenge COVID-19 presents we are moving forward this year with continued business momentum as evidenced by our landmark agreement with Microsoft announced in June 2020. Management expects that the potential of the agreement with Microsoft will overcome any short-term headwinds from the economic uncertainty surrounding the impact of COVID-19.

31 December	2015 $'000	2016 $'000	2017 $'000	As restated 2018 $'000	2019 $'000
Revenue	10,994	11,379	19,637	17,019	**16,155**
Revenue growth	(2%)	4%	73%	(13%)	**(5%)**
Deferred revenue	9,757	12,492	14,160	4,318	**3,810**
Deferred revenue growth	(13%)	28%	13%	(70%)	**(12%)**
Cash	2,555	7,558	27,396	10,757	**23,354**
Operating loss	(30,529)	(18,398)	(10,603)	(23,237)	**(27,179)**
Amortisation of intangible assets	9,600	8,466	6,699	6,475	**5,701**
Depreciation of property, plant and equipment	270	174	215	388	**1,101**
Exceptional items	614	32	—	—	**—**
EBITDA before exceptional items	(20,045)	(9,726)	(3,689)	(16,374)	**(20,377)**
Add back equity-settled share-based payment	4,057	2,262	3,109	6,977	**8,707**
Adjusted EBITDA before exceptional items	(15,988)	(7,464)	(580)	(9,397)	**(11,670)**
Development expenditure capitalised	(8,369)	(5,860)	(6,303)	(4,910)	**(5,062)**
Adjusted EBITDA before exceptional items including development expenditure	(24,357)	(13,324)	(6,883)	(14,307)	**(16,732)**

Note:

- The 2018 figures include the adoption of IFRS 15 "Revenue from Contracts with Customers" and the prior years have not been restated and are prepared on an IAS 18 basis.
- The 2019 figures include the adoption of IFRS 16 "Leases" and the prior years have not been restated and are presented on an IAS 17 basis.
- The 2016 to 2018 equity-settled share-based payment figures are restated as detailed in Note 15(a).

Notice is given that the eighth Annual General Meeting of WANdisco plc ("the Company") will be held at the UK Company's offices, Castle House, 1–13 Angel Street, Sheffield S3 8LN, on 29 July 2020 at 10am for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. That the Company's financial statements for the year ended 31 December 2019, the Strategic report and the reports of the Directors and auditor thereon be received and considered.
2. That David Richards be re-elected as a Director of the Company.
3. That Dr Yeturu Aahlad be re-elected as a Director of the Company.
4. That BDO LLP be appointed as auditor of the Company.
5. That the Directors be authorised to determine the remuneration of the auditor.
6. That, in substitution for all existing authorities but without prejudice to any allotment, offer or agreement already made pursuant thereto, the Directors be and are hereby generally and unconditionally authorised pursuant to Article 2.3 of the Company's Articles of Association ("the Articles") to exercise all powers of the Company to allot, grant options over or otherwise dispose of relevant securities (as that term is defined in the Articles) in respect of up to an aggregate nominal amount of £1,711,411, provided that (unless previously revoked, varied or renewed) this authority shall expire on the earlier of the date which is 15 months after the date the resolution was passed and the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.
7. That, pursuant to Article 58A(1)(b) of the Companies (Jersey) Law 1991 ("the Law") and Article 13 of the Articles, an ordinary share purchased pursuant to resolution 9 below may be held by the Company as treasury shares in accordance with Articles 58A and 58B of the Law.

To consider and, if thought fit, to pass the following resolutions as special resolutions:

8. That, subject to the passing of resolution 6 and pursuant to Article 2.10 of the Articles, the Directors be and are hereby generally empowered to allot, grant options over or otherwise dispose of equity securities (within the meaning of the Articles) wholly for cash, pursuant to the general authority described in resolution 6 above, as if pre-emption rights did not apply to any such allotment, such power being limited to:

    8.1 the allotment of equity securities in connection with a rights issue, open offer or pre-emptive offer to holders on the register of the ordinary shares in the capital of the Company ("ordinary shares") on a date fixed by the Directors where the equity securities respectively attributable to the interests of all those shareholders are proportionate (as nearly as practicable) to their respective holdings on that date subject to any exclusions or other arrangements as the Directors may consider necessary or expedient in relation to fractional entitlements, legal or practical problems under the law of any territory or the regulations or requirements of any relevant regulatory authority or stock exchange in any territory; and

    8.2 the allotment (other than pursuant to resolution 8.1 above) wholly for cash of ordinary shares up to an aggregate nominal amount of £513,423,

    provided that (unless previously revoked, varied or renewed), such authorities shall expire on the earlier of the date which is 15 months after the date the resolution was passed and the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

9. That the Directors be and are hereby authorised pursuant to Article 13 of the Articles and Article 57 of the Law as amended to make market purchases of ordinary shares, subject to the following conditions:

    9.1 the maximum number of ordinary shares authorised to be purchased may not be more than 15% of the issued share capital of the Company as at the date of this Notice;

    9.2 the minimum price (exclusive of expenses) which may be paid for an ordinary share is £0.001; and

    9.3 the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not exceed:

        9.3.1 an amount equal to 105% of the average middle market quotation for ordinary shares taken from the London Stock Exchange plc Daily Official List for the five business days immediately preceding the date on which such shares are to be contracted to be purchased; and

        9.3.2 the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange plc Daily Official List at the time,

    such authority to expire on the earlier of the date which is 15 months after the date the resolution was passed and the conclusion of the next Annual General Meeting of the Company, unless such authority is varied, revoked or renewed prior to such date.

10. THAT with effect from the conclusion of the meeting the draft Articles of Association produced to the meeting and, for the purposes of identification, initialled by the Chairman be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the Company's existing Articles of Association.

By order of the Board

Larry Webster
Company Secretary
29 June 2020

Registered in Jersey under the Companies (Jersey) Law 1991 with company number 110497.

Registered office

47 Esplanade
St. Helier
Jersey
JE1 0BD

Notes

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 27 July 2020. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

2. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 20 minutes prior to the commencement of the Meeting at 10am (UK time) on 29 July 2020 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.

3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. You can vote either:

   - by logging on to www.signalshares.com and following the instructions;
   - you may request a hard-copy form of proxy directly from the registrars, Link Asset Services (previously called Capita), on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9am and 5.30pm, Monday to Friday excluding public holidays in England and Wales; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

   In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent BR3 4TU, by 10am on 27 July 2020.

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the registrars before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in Note 11 below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message ("a CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10am on 27 July 2020. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34(1) of the Companies (Uncertificated Securities) (Jersey) Order 1999.

Notes continued

12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

13. As at 29 June 2020 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 51,342,324 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 29 June 2020 are 51,342,324.

14. In the Company's Articles of Association, Article 22.5 says: Where so requested in the manner set out in section 527(4) of the UK Companies Act 2006 by members who hold shares representing at least 10 per cent of the paid up share capital of the Company (excluding treasury shares) and who have a right to vote at the general meeting at which the Company's annual accounts are laid, the Company shall without prejudice to its obligations under the Companies Law publish on its website a statement setting out any matter relating to the audit of the Company's accounts or any circumstances connected with an auditor of the Company ceasing to hold office, and the Company shall comply with all the obligations relating to the publication of such statement contained in the provisions of sections 527 to 529 (other than sections 527(5) and 527(6)) of the UK Companies Act 2006, provided always that the Company shall not be required to comply with the obligation set out in section 527(1) of the UK Companies Act 2006 where the board believes in good faith that the rights conferred by this Article 22 are being abused.

15. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

16. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from 9.45am on the day of the Meeting until the conclusion of the Meeting:

    - copies of the Directors' letters of appointment or service contracts.

A copy of this Notice can be found on the Company's website at www.wandisco.com.

Secretary

Larry Webster

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Registrars

Link Asset Services
The Registry
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Beckenham
Kent BR3 4TU

Share capital

The ordinary share capital of WANdisco plc is listed on AIM, a market operated by London Stock Exchange Group plc. The shares are listed under the trading ticker WAND. The ISIN number is JE00B6Y3DV84.

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WANdisco plc is committed to the environmental issues reflected in this Annual Report. The report is printed on Arcoprint, which is FSC® certified and ECF (Elemental Chlorine Free), and printed in the UK by Park Communications using their environmental printing technology. Both manufacturing mill and the printer are registered to the Environmental Management System ISO14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified.

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