7 March 2018

WANdisco plc

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

Preliminary unaudited results for the year ended 31 December 2017

WANdisco delivers revenue growth of 73%

WANdisco (LSE: WAND), the live data company, announces preliminary unaudited results for the year ended 31 December 2017.

Financial highlights

- Record bookings[1] secured in 2017, up 45% year-on-year to $22.5 million (2016: $15.5 million)
  - Big Data bookings for WANdisco Fusion ("Fusion") up 121% in 2017 to $15.7 million (2016: $7.1 million)
  - Source Code Management bookings in line with expectations
- Bookings in H2 2017 up 28% year-on-year to $12.3 million (H2 2016: $9.6 million)
- Revenue for the year increased 73% to $19.6 million (2016: $11.4 million)
- Cash overheads[2] contained at $24.5 million (2016: $23.4 million) reflecting our ongoing focus on cost control
- Adjusted EBITDA[3] loss $0.6 million (2016: $7.5 million loss)
- Statutory loss from operations increased to $13.5 million (2016: $9.3 million)
- Announced a new $5.0 million term loan facility with Silicon Valley Bank, with an additional $3.0 million revolving credit facility
- Successfully placed 2.97 million shares on 4 December 2017, raising gross proceeds of $22.0 million
- Cash of $27.4 million, including $4.0 million from the new growth capital facility, as at 31 December 2017 (31 December 2016: $7.6 million)
- Cash burn reduced to $5.3 million (2016: $8.3 million)

Operational and strategic highlights

- Established a partner ecosystem further enhancing our market potential
  - Secured another significant OEM partnership with Virtustream, a Dell Technologies company, worth a minimum of $3.6 million over 3 years, increasing the leverage of our distribution channel
  - Fully integrated WANdisco Fusion with Amazon Web Services ("AWS") Snowball, Microsoft Azure Databox and HD Insights

- Commercial strategy delivering clear results in new and established sectors
  - Our OEM partnership with IBM is delivering clear results securing two record contract wins with major global financial institutions, each worth in excess of $4 million
  - Our product is gaining traction in new sectors with the first contract wins for WANdisco Fusion secured with marquee clients in the retail and healthcare sectors

- Continued investment in research and development to evolve our product
  - Released WANdisco Fusion® 2.11 which includes substantial performance improvements to the Fusion core replication engine, resulting in flexible installation processes for users, as well as significant product performance improvements of up to 75% from the prior version
  - Appointed new VP of Research to explore new applications for our unique replication technology

- Strong order book and sales pipeline going into 2018

David Richards, Chief Executive Officer and Chairman of WANdisco, commented:

"This has been a pivotal year for WANdisco – following the transformation of our financial position during 2016, we have focused on building a commercial strategy which will deliver sustainable long-term growth. By expanding our partnership ecosystem we have significantly extended the reach of WANdisco Fusion, unlocking new sales opportunities in a cost effective manner.

Our partnership with IBM brought two new record contracts during 2017 and integrations with AWS, Microsoft and Virtustream give me confidence that we can take advantage of the significant market opportunity for

WANdisco Fusion. Organisations across the world are recognizing the value of being able to harness live data at scale and our technology is gaining increasing traction across new sectors and markets.

Our strategy is delivering clear results; we have increased revenue by 73% while maintaining control of our costs, bringing us significantly closer to our goal of cash flow breakeven. We have started 2018 with a strong new business pipeline and I am confident WANdisco is well positioned to take advantage of a wide range of sizeable growth opportunities."

A webcast of WANdisco's results presentation will be available on the Company's website later this morning: https://www.wandisco.com/investors

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 2 for details.

1 *Bookings as defined in this press release represent the total value of all contracts received in the year including both new and renewal bookings.*

2 *Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See note 5 for a reconciliation.*

3 *Loss from operations adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See note 5 for a reconciliation.*

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About WANdisco

WANdisco is shaping the future of data infrastructure with its groundbreaking Live Data platform, enabling companies to put all their data to work for the business - all the time, at any scale.

WANdisco makes data always available, always accurate, and always protected, delivering hyperscale economics to support exponential data growth with the same IT budget. With significant OEM relationships with IBM and Dell EMC and go-to-market partnerships with Amazon Web Services, Cisco, Microsoft Azure, Google Cloud, Hewlett Packard Enterprise, Oracle and other industry titans - as well as hundreds of customers among the Global 2000 - WANdisco is igniting a Live Data movement worldwide.

For additional information, please visit www.wandisco.com.

BUSINESS REVIEW

2017 was a pivotal year for WANdisco. Where 2016 saw us transform our financial position, realign our cost base and enjoy the first operational benefits of these actions, in 2017 we shifted the focus to growth with a new commercial strategy that recorded clear, demonstrable and meaningful results.

All of our strategic priorities are aligned with this growth plan, and we delivered on each one in 2017. First is our aim to capitalise on the significant growth opportunity for our Fusion product in the Cloud and Big Data markets, leveraging our unique position to ensure that our customers can realise uninterrupted value from the data they hold. To that end, we are developing the scale and reach of our sales partner channel, and investing in the research and development activity necessary to evolve our product and strengthen our competitive advantage. At the same time, we continue to actively support our Source Code Management product, recognising that the ability to keep application development synchronised across distance is one of the original use cases and proof points for our technology.

In 2017 we delivered a new release of WANdisco Fusion, our live data replication platform, featuring more than 1,000 enhancements, enabled by our work with large data sets in live customer deployments. We also delivered on our indirect sales plan, with major new partnership signings during the year, as well as broadening and deepening our existing relationships. In 2017 these partnerships gave rise to our most significant customer wins to date, delivering tangible growth in revenues and bookings while controlling costs.

The investment community has continued to support our story and growth ambitions. In December 2017, we raised $22.0 million of gross proceeds from a secondary placing, which will allow us to invest ahead of customer and partner demand. The placing was well received by both existing and new shareholders.

Big Data – WANdisco Fusion

The demand for WANdisco’s solutions continues to grow as organisations across a wide range of sectors recognise the value of being able to harness and react to very large live data sets in real time. Day to day, this capability is providing the basis for innovative customer service, service personalisation, social-media monitoring, online booking systems, fraud detection, complex diagnostics, and targeted maintenance. It is also central to emerging business models – those being built around the Internet of Things and artificial intelligence/machine learning. Autonomous cars, smart transport systems, machine-assisted medical research, personalised advertising and media services, and new banking, retail and manufacturing models all rely on the ability to harness live data at significant scale.

Although businesses across a wide range of sectors are moving live data between locations, the lack of parity between the original source data and that data being held or used in secondary locations is limiting what those companies can do with it. As a consequence, this limits the ability for companies to realise the value of their data and potentially creates a tangible business risk. In a backup scenario, the impact of any data disparity is particularly acute; when, in the restore process, core systems have to be rolled back to the last copy of current data. Over the last four years, Fortune 1000 companies have cumulatively lost $3.7 billion of revenue because of failures in their systems, according to calculations by Wikibon Research. WANdisco Fusion reduces companies’ exposure to such losses by dramatically reducing their recovery time in the event of an outage.

Source Code Management

Our long-standing Source Code Management revenue stream continues to produce healthy recurring revenues in line with expectations. This product set harnesses the same data-replication technology that underpins WANdisco Fusion, to keep dispersed teams of software developers strictly in sync as they collaborate on code, even if they are on opposite sides of the world.

Indirect sales strategy

From a strategic perspective, our most significant achievement in 2017 was putting in place a partner ecosystem for WANdisco Fusion, based on OEM and other channel partner arrangements. Our initial OEM relationship with IBM, signed in 2016, has already justified this approach, producing two record contracts with major financial-services multinationals in 2017, each worth in excess of $4 million.

During the year we also signed new or added to partnerships with IT and Cloud industry leaders, expanding our opportunities to capitalise on those companies’ global reach and large international enterprise sales teams. IBM alone has 5,000 sales people who are now incentivised to sell WANdisco technology globally.

These partnerships serve as an important endorsement of WANdisco Fusion, too – confirming our leading position in the market. Our flagship platform meets customer needs that prominent technology brands have been unable to satisfy through other means.

Protecting our advantage

WANdisco's intellectual property, which is based on complex mathematics developed over several years, is well protected; we have more than 27 patents filed to date with 11 now granted. Furthermore, WANdisco Fusion is used every day, at significant scale, by major brands in financial services, retail and manufacturing in North America – those applications feed back into our product development, allowing for continuous improvements.

People

Our people are vital to our success, and WANdisco is proud to employ some of the most qualified and experienced talent in distributed computing and data science. As a company, we are committed to providing competitive employment conditions as well as very challenging and stimulating work, to ensure we attract and retain the best people.

Our people also make a significant contribution to our local communities. We have initiated a range of creative schemes to inspire schoolchildren about the potential of data science. Our people are also working closely with the University of Sheffield to advance dementia research using WANdisco Fusion, as part of a major European project. On behalf of the Board, I would like to extend our heartfelt appreciation to everyone at WANdisco for their efforts this year.

The Board

In February 2017, Dr Yeturu Aahlad, 59, WANdisco's Co-founder and Chief Data Scientist, was welcomed to the Board. Dr Aahlad is a pioneer in the field of live data replication, the patented process that forms the basis of WANdisco Fusion. At the same time, James (Jim) Campigli, Chief Operating Officer, Head of Marketing, Co-Founder and member of the Board, stepped down to pursue other business interests.

Outlook

Looking ahead to 2018, WANdisco is well positioned to take advantage of a wide range of attractive growth opportunities. Currently, around 60% of WANdisco Fusion's bookings are in the financial services sector, across applications ranging from fraud management to improved business continuity. We are now beginning to move into retail, manufacturing and healthcare, where there is significant opportunity and we have started to win business. Our strategic partners will help us unlock many more opportunities, both horizontally and internationally, as they introduce our technology to their existing enterprise customers and take it out to their target markets around the world as a means of migrating, exploiting and safeguarding live data at significant scale across locations.

As 2018 unfolds, our momentum with OEM and reseller partnerships continues. In January we secured a sales agreement with Bytes Technology Group UK, a leading provider of software licensing and Cloud services.

Our market does not stand still and nor does our product. As a multi-application, live data replication platform which we improved substantially in 2017, we have not only increased the opportunity for WANdisco Fusion but also made our core platform easier for partners to sell and deploy.

We have begun 2018 with a strong new business pipeline across multiple sectors, and, with the proceeds from our recent placing, we now have the resources to better capitalise on the sizeable market opportunity, as we deepen and broaden our strategic partnerships in order to maximise our sales pipeline.

FINANCIAL REVIEW

WANdisco is shaping the future of data infrastructure with its groundbreaking Live Data platform, enabling companies to put all their data to work for the business – all the time, at any scale.

WANdisco makes data always available, always accurate, and always protected, delivering hyperscale economics to support exponential data growth with the same IT budget. With significant OEM relationships with IBM and Dell EMC and go-to-market partnerships with Amazon Web Services, Cisco, Microsoft Azure, Google Cloud, Hewlett Packard Enterprise, Oracle and other industry titans – as well as hundreds of customers among the Global 2000 – WANdisco is igniting a Live Data movement worldwide.

Big Data – WANdisco Fusion

Big Data revenue was $11.1 million (2016: $3.2 million), demonstrating strong growth on the previous year of 249%. The performance was driven by a number of significant new customer contracts and a consistent revenue stream from existing contracts.

In Q2 2016, we signed an OEM agreement with IBM for WANdisco Fusion to be sold as IBM Big Replicate, a significant milestone in establishing the credibility of our products in the large enterprise market. IBM, along with our other channel partners Amazon and Oracle, have increased the leverage in our distribution channel and increased our sales reach in a very cost-effective manner.

Average deal size continues to increase, with several of the bookings made through our channel partners in 2017 valued above $1 million.

While contract wins continue to exhibit variability in the timing of their completion, demand for WANdisco Fusion continues to grow, with new sales bookings from initial and expanded contracts of $15.7 million (2016: $7.1 million), an increase of 121%.

Source Code Management

Source Code Management revenue for the year was $8.5 million (2016: $8.2 million). Revenues were essentially flat because the product and market are relatively mature.

During 2016, the Source Code Management product line began generating positive margin contribution – a trend that continued through 2017 due to its product maturity, stable revenue base and the inherent operating leverage in the business.

Operating costs

Operating expenses reduced by 2% to $27.4 million (2016: $28.0 million) due to lower amortisation on software development costs, offset by an increased share-based payment charge and an increase in underlying cash overheads. We made targeted increases in expenditure during the year, principally in the areas of research and development and sales and marketing, resulting in a slight increase in cash overheads year-on-year of $1.1 million. We continue to gain operating leverage through our channel partner strategy, driving more bookings with less cost. Our strong cost disciplines across all areas of the business have resulted in an efficient cost structure with significant future operating leverage.

Product development expenditure was $6.3 million (2016: $5.9 million), all of which was associated with new product features and was capitalised.

Total cash overheads[2] (excluding cost of sales and including capitalised product development) of $24.5m was up slightly from the prior year (2016: $23.4 million). Cash overheads expected to increase at a lower rate than bookings as we make targeted investments in our engineering and go-to-market resources.

Our headcount was 132 as at 31 December 2017 (31 December 2016: 118). Headcount increases were in the areas of research and development and sales and marketing, as we added key hires to capitalise on our market opportunity.

Profit and loss
The adjusted EBITDA[3] loss for the year was $0.6 million (2016: $7.5 million loss), due to a significant increase in revenues offset by a slight increase in cash overheads.

The loss after tax for the year increased to $13.5 million (2016: $9.3 million), mostly as a result of two non-cash items: an exceptional finance loss of $4.0 million and an increased share-based payment charge which was partially offset by the significant reduction in EBITDA loss for the year. The exceptional finance loss arose from the retranslation of intercompany balances at 31 December 2017, reflecting the appreciation of Sterling against the US dollar. There is uncertainty around the effect of future FX rates, but the impact of this on the financial statements should be restricted to the retranslation of non-USD denominated loans, as opposed to the operating activities of the business.

Balance sheet and cash flow
Trade and other receivables at 31 December 2017 were $6.0 million (2016: $6.1 million). This includes $2.1 million of trade receivables (2016: $3.9 million) and $3.9 million related to non-trade receivables (2016: $2.2 million).

Principally as a result of significantly improved bookings performance, and with a slight increase in cash overheads, our net consumption of cash was significantly reduced during the course of the year. The cash balance at year end was $27.4 million (2016: $7.6 million) which included the benefit of funds from the equity placing which closed on 4 December 2017. In addition, we retain a revolving credit facility with Silicon Valley Bank of which $4.0 million was drawn as at 31 December 2017.

With strong cash collection, a significant increase in bookings and billings in advance of revenue recognition, and cost reductions throughout the year, we have moved significantly closer to our goal of cash-flow break-even.

Condensed consolidated statement of profit and loss and other comprehensive income

For the year ended 31 December 2017

		Year ended 31 December 2017 (Unaudited)			Year ended 31 December 2016 (Audited)		
		Pre-exceptional	Exceptional items[4]	Total	Pre-exceptional	Exceptional items[4]	Total
Continuing operations	**Notes**	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000
Revenue	**3**	**19,637**	**-**	**19,637**	11,379	-	11,379
Cost of sales		**(1,972)**	**-**	**(1,972)**	(1,349)	-	(1,349)
Gross profit		**17,665**	**-**	**17,665**	10,030	-	10,030
Operating expenses	**5**	**(27,360)**	**-**	**(27,360)**	(27,921)	(32)	(27,953)
Loss from operations	**5**	**(9,695)**	**-**	**(9,695)**	(17,891)	(32)	(17,923)
Finance income	**6**	**29**	**-**	**29**	1	8,169	8,170
Finance costs	**6**	**(344)**	**(3,994)**	**(4,338)**	(269)	(25)	(294)
Net finance (costs)/income	**6**	**(315)**	**(3,994)**	**(4,309)**	(268)	8,144	7,876
(Loss)/profit before tax		**(10,010)**	**(3,994)**	**(14,004)**	(18,159)	8,112	(10,047)
Income tax	**7**	**489**	**-**	**489**	772	-	772
(Loss)/profit for the year		**(9,521)**	**(3,994)**	**(13,515)**	(17,387)	8,112	(9,275)
Other comprehensive income							
Items that are or may be reclassified to profit or loss:							
Foreign operations – foreign currency translation differences		**(184)**	**3,994**	**3,810**	107	(8,144)	(8,037)
Other comprehensive income for the year, net of tax		**(184)**	**3,994**	**3,810**	107	(8,144)	(8,037)
Total comprehensive income for the year		**(9,705)**	**-**	**(9,705)**	(17,280)	(32)	(17,312)
Loss per share							
Basic and diluted	**8**			**$0.36**			$0.28

The notes on pages 11 to 20 form an integral part of this condensed consolidated financial report.

Condensed consolidated balance sheet

As at 31 December 2017

	Notes	31 December 2017 (Unaudited) $'000	31 December 2016 (Audited) $'000
Assets			
Intangible assets	**9**	**7,081**	5,977
Property, plant and equipment		**556**	492
Other non-current assets	**10**	**889**	-
Non-current assets		**8,526**	6,469
Trade and other receivables	**11**	**5,969**	6,145
Cash and cash equivalents		**27,396**	7,558
Current assets		**33,365**	13,703
Total assets		**41,891**	20,172
Liabilities			
Borrowings – finance lease liabilities		**(95)**	(89)
Borrowings – bank loan	**12**	**(889)**	-
Trade and other payables		**(5,953)**	(3,488)
Deferred income	**13**	**(7,102)**	(5,809)
Deferred government grant		**(2)**	(12)
Current tax liabilities		**(11)**	(11)
Current liabilities		**(14,052)**	(9,409)
Deferred income	**13**	**(7,058)**	(6,683)
Borrowings – finance lease liabilities		**(199)**	(294)
Borrowings – bank loan	**12**	**(3,111)**	-
Deferred tax liabilities		**(4)**	(3)
Non-current liabilities		**(10,372)**	(6,980)
Total liabilities		**(24,424)**	(16,389)
Net assets		**17,467**	3,783
Equity			
Share capital		**6,156**	5,638
Share premium		**115,196**	94,526
Translation reserve		**(4,474)**	(8,284)
Merger reserve		**1,247**	1,247
Retained earnings		**(100,658)**	(89,344)
Total equity		**17,467**	3,783

The notes on pages 11 to 20 form an integral part of this condensed consolidated financial report.

Condensed consolidated statement of changes in equity

For the year ended 31 December 2017

Year ended 31 December 2017 (Unaudited)	Share capital $'000	Share premium $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2017	**5,638**	**94,526**	**(8,284)**	**1,247**	**(89,344)**	**3,783**
Total comprehensive income for the year						
Loss for the year	**-**	**-**	**-**	**-**	**(13,515)**	**(13,515)**
Other comprehensive income	**-**	**-**	**3,810**	**-**	**-**	**3,810**
Total comprehensive income for the year	**-**	**-**	**3,810**	**-**	**(13,515)**	**(9,705)**
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	**-**	**-**	**-**	**-**	**2,201**	**2,201**
Proceeds from share placing	**401**	**20,131**	**-**	**-**	**-**	**20,532**
Share options exercised	**117**	**539**	**-**	**-**	**-**	**656**
Total transactions with owners of the Company	**518**	**20,670**	**-**	**-**	**2,201**	**23,389**
Balance at 31 December 2017	**6,156**	**115,196**	**(4,474)**	**1,247**	**(100,658)**	**17,467**

Year ended 31 December 2016 (Audited)	Share capital $'000	Share premium $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2016	4,667	81,974	(247)	1,247	(82,049)	5,592
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(9,275)	(9,275)
Other comprehensive income	-	-	(8,037)	-	-	(8,037)
Total comprehensive income for the year	-	-	(8,037)	-	(9,275)	(17,312)
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	-	-	-	-	1,819	1,819
Proceeds from share placing	894	12,696	-	-	-	13,590
Share options exercised	77	(144)	-	-	161	94
Total transactions with owners of the Company	971	12,552	-	-	1,980	15,503
Balance at 31 December 2016	5,638	94,526	(8,284)	1,247	(89,344)	3,783

The notes on pages 11 to 20 form an integral part of this condensed consolidated financial report.

Condensed consolidated statement of cash flows

For the year ended 31 December 2017

	Notes	Year ended 31 December 2017 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Cash flows from operating activities			
Loss for the year		**(13,515)**	(9,275)
Adjustments for:			
- Depreciation of property, plant and equipment		**215**	174
- Amortisation of intangible assets	**9**	**6,699**	8,466
- Loss on disposal of property, plant and equipment		**-**	4
- Net finance costs		**315**	268
- Income tax	**7**	**(489)**	(772)
- Foreign exchange		**3,860**	(7,507)
- Equity-settled share-based payment	**14**	**2,201**	1,819
		(714)	(6,823)
Changes in:			
- Trade and other receivables		**(1,618)**	328
- Trade and other payables		**1,331**	827
- Deferred income		**1,668**	2,735
- Deferred government grant		**(11)**	(11)
Net working capital change		**1,370**	3,879
Cash generated from/(used in) operating activities		**656**	(2,944)
Interest paid		**(286)**	(162)
Income tax received		**1,364**	690
Net cash generated from/(used in) operating activities		**1,734**	(2,416)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(254)**	(64)
Proceeds from sale of property, plant and equipment		**1**	2
Purchase of third party software		**(500)**	-
Development expenditure	**9**	**(6,303)**	(5,860)
Interest received	**6**	**29**	1
Net cash used in investing activities		**(7,027)**	(5,921)
Cash flows from financing activities			
Net proceeds from share issues		**21,188**	13,523
Draw-down of bank loan	**12**	**4,000**	-
Payment of finance lease liabilities		**(89)**	(8)
Net cash from financing activities		**25,099**	13,515
Net increase in cash and cash equivalents		**19,806**	5,178
Cash and cash equivalents at the start of the year		**7,558**	2,555
Effect of movements in exchange rates on cash and cash equivalents		**32**	(175)
Cash and cash equivalents at the end of the year		**27,396**	7,558

The notes on pages 11 to 20 form an integral part of this condensed consolidated financial report.

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. These condensed consolidated financial statements (“Financial statements”) as at and for the year ended 31 December 2017 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.

2. Basis of preparation

Basis of accounting

Whilst the financial information included in this preliminary announcement has been prepared on the basis of the requirements of International Financial Reporting Standards (“IFRSs”) in issue, as adopted by the European Union (“EU”) and effective at 31 December 2017, this announcement does not itself contain sufficient information to comply with IFRS.

The Group expects to publish full Consolidated Financial Statements in April 2018. The financial information set out in this preliminary announcement does not constitute the Group’s Consolidated financial statements for the years ended 31 December 2017 or 31 December 2016.

The financial information for 2016 is derived from the consolidated accounts for the year ended 31 December 2016 which has been delivered to the registrar of companies with the Jersey Financial Services Commission (“JFSC”). The auditor has reported on the year ended 31 December 2016 consolidated accounts; their report was unqualified. It did not contain statements under section 113B (3) or (6) of the Companies (Jersey) law 1991.

The consolidated accounts for the year ended 31 December 2017 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies with the JFSC in due course.

The Consolidated financial statements have been prepared in accordance with IFRSs as adopted for use in the EU. The Group has applied all accounting standards and interpretations issued by the IASB and International Financial Reporting Committee relevant to its operations and which are effective in respect of these Financial Statements.

The accounting policies have been applied consistently to all periods presented in the Group financial statements.

(i) New and amended standards adopted by the Group

The following new standards and amendments to standards that are effective for the first time for the financial year beginning 1 January 2017 have been adopted:

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12).
- Disclosure Initiative (Amendments to IAS 7).
- Annual Improvements to IFRS Standards 2014-2016 (Amendments to IFRS 12).

These standards and amendments to standards have not had a material impact on the consolidated financial statements.

(ii) New and amended standards and interpretations issued but not effective for the financial year beginning 1 January 2017 and not early adopted

A number of new standards are effective for annual periods beginning after 1 January 2017 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 standards are expected to have a material impact on the Group’s financial statements in the period of initial application.

IFRS 15, Revenue from Contracts with Customers

The Group is required to adopt IFRS 15, Revenue from Contracts with Customers, from 1 January 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue and IAS 11 Construction Contracts.

The principles in IFRS 15 must be applied using the following 5 step model:
1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

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.

The Group is continuing to assess the estimated impact that the initial application of IFRS 15 will have on its consolidated financial statements. The estimated impact of the adoption of this standard on the Group’s equity as at 1 January 2018 is based on assessments undertaken to date and is summarised below. The actual impacts of adopting the standard at 1 January 2018 may change because the Group has not finalised the testing and assessment of all income streams and controls over its new reporting approach.

2. Basis of preparation (continued)

Software licences

Following the provision of access to the software licence, revenue from sales of term licences is currently recognised over the period of the licence and perpetual licences are recognised as revenue in full.

Under IFRS 15, term licences will be 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.

Based on the work undertaken to date, it is not believed that there will be a change in the policy for perpetual licences.

Software subscriptions

Sales of software subscriptions which include maintenance and support over the period are currently recognised on a straight-line basis over the period of the contract, once the licence has been granted and the customer has been provided with access to the software.

Under IFRS 15, the subscription will be split into the 2 performance obligations, being the licence component, and maintenance & support which are both being considered as distinct. The allocation of transaction price between the 2 performance obligations will be based on an adjusted market assessment approach.

The license component will be recognised in full as revenue on provision of access to the licence to the customer as control is considered to pass at that point. The maintenance & support component will continue to be spread over the life of the contract as the performance obligation is satisfied over the period of the contract.

Maintenance and support contracts

Sales of maintenance & support contracts are currently recognised on a straight-line basis over the period of the contract. Based on the work undertaken to date, it is not believed that there will be a change under IFRS 15 and the approach will be in line with current accounting practice 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 currently recognised on delivery of the services. Based on the work undertaken to date, it is not believed that there will be a change under IFRS 15, as the performance obligation is satisfied on delivery of these services.

Royalties

Royalties are accounted for on an accruals basis in accordance with the substance of the relevant agreement when it is probable that economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. Under IFRS 15 the recognition of royalties are prohibited until the sale or usage occurs, even if the sale or usage is probable.

Transition

The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

IFRS 16, Leasing

IFRS 16, Leasing is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The new standard replaces existing leases guidance, principally IAS 17, Leases.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group is conducting an initial assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of properties and the expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. As at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amounted to $1,584,000, on an undiscounted basis.

Transition

As a lessee, the Group can apply the standard using either a retrospective approach, or a modified retrospective approach with optional practical expedients. The lessee applies the election consistently to all its leases. The Group plans to apply IFRS 16 initially on 1 January 2019, with a preference of using the retrospective approach. In this case, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2018, with a restatement of comparative information.

2. Basis of preparation (continued)

Going concern

As at 31 December 2017 the Group had net assets of $17.5 million (31 December 2016: $3.8 million), including cash of $27.4 million (2016: $7.6 million) as set out in the Consolidated balance sheet, with a debt facility drawn of $4.0 million (2016: unutilised revolving credit facility $10.0 million). In the year ended 31 December 2017, the Group incurred a loss before tax of $14.0 million (2016: $10.0 million) and net cash outflows before financing of $5.3 million (2016: $8.3 million).

During 2017, the performance of the Group improved, with bookings growing by 45% to $22.5 million (2016: $15.5 million). Most of this growth was achieved through increased momentum in bookings as a result of success from new partnerships, including the IBM OEM. This growth in booking led to increased revenue which was greater than a small increase in the cost base which included an investment into supporting the new partnerships. In addition, during 2017 the Group received $4.0 million in debt funding from Silicon Valley Bank and raised $20.5 million, net of costs, through an equity raise; as a result of this, the Group had $27.4 million (2016: $7.6 million) of cash at 31 December 2017.

The Directors 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 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.

Whilst the Directors are confident in the Group's ability to grow bookings, the Board's sensitivity modelling shows that the Group can remain within its facilities in the event that bookings growth is delayed (i.e. bookings do not increase from the level reported in 2017) for a period in excess of twelve months. The Directors' financial forecasts and operational planning and modelling also include the actions that the Group could take to further significantly reduce the cost base during the coming year in the event that longer-term bookings were set to remain consistent with the level reported in 2017. 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 sales bookings, cash revenue and funding scale.

As a consequence, the Directors have a reasonable expectation that the Group can continue to operate and to 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 these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Functional and presentational currency

The consolidated financial statements are presented in US dollars, which is also the presentational currency of the Group. 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.

Use of judgements and estimates

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.

Alternative performance measures

The Group uses a number of key performance measures ("KPI's'") which are non-IFRS measures to monitor the performance of its operations. The Group believes these KPIs 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 KPIs which reflect the underlying performance on the basis that this provides a more relevant focus on the core business performance of the Group. The Group has been using the following KPIs on a consistent basis and they are defined and reconciled as follows:

- New sales bookings: A new sales booking relates to agreement with the customer via a contract to purchase. Bookings can be to both new and existing customers.
- Cash overheads: Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See note 5 for a reconciliation.
- Adjusted EBITDA: Loss from operations adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See note 5 for a reconciliation.

3. Segmental analysis

Operating segments

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

Geographical segments

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

Revenue	**Year ended 31 December 2017 (Unaudited) $'000**	Year ended 31 December 2016 (Audited) $'000
North America	**16,132**	8,192
Europe	**2,865**	2,476
Rest of the world	**640**	711
	19,637	11,379

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

The Group's core patented technology, the Distributed Coordination Engine ("DConE"), enables the replication of data. The Group has developed software based on this technology which is applied into two key markets, the Big Data and Source Code Management markets:

Revenue	**Year ended 31 December 2017 (Unaudited) $'000**	Year ended 31 December 2016 (Audited) $'000
Source Code Management	**8,484**	8,182
Big Data	**11,153**	3,197
	19,637	11,379

Included in revenue from Big Data of $11,153,000 (2016: $3,197,000) are revenues of $7,794,000 (2016: $563,000) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue (2016: nil).

4. Exceptional items

Exceptional items comprise the following:	Notes	**Year ended 31 December 2017 (Unaudited) $'000**	Year ended 31 December 2016 (Audited) $'000
Exchange (loss)/gain on intercompany balances	**6**	**(3,994)**	8,144
Equity-settled share-based payment charge in relation to acquisitions - TortoiseSVN.net	**14**	**-**	(32)
Total exceptional items		**(3,994)**	8,112

The exceptional (loss)/gain arose on Sterling-denominated intercompany balances. These balances were retranslated at the closing exchange rate at 31 December 2017, which was 1.35, a 10% increase compared to the rate of 1.23 at 31 December 2016. Sterling to US$ exchange rates improved during 2017 compared to 2016 which had declined in 2016 following the Brexit vote on 23 June 2016. 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 and loss, is offset by an equivalent exceptional exchange 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.

The equity-settled share-based payment charge recognised in the prior year in relation to the purchase of the intellectual property of TortoiseSVN.net has been classified as exceptional. See Note 14 for further details.

5. Non-GAAP profit measures – Cash overheads and Adjusted EBITDA

Reconciliation of operating expenses to "Cash overheads":	Notes	Year ended 31 December 2017 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Operating expenses		(27,360)	(27,953)
Remove:			
Amortisation and depreciation		6,914	8,640
Exceptional items within operating expenses	4	-	32
Equity-settled share-based payment (excluding exceptional item)	14	2,201	1,787
Development expenditure capitalised	9	(6,303)	(5,860)
Cash overheads		(24,548)	(23,354)

Reconciliation of loss from operations to "Adjusted EBITDA":	Notes	Year ended 31 December 2017 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Loss from operations		(9,695)	(17,923)
Adjusted for:			
Amortisation and depreciation		6,914	8,640
Exceptional items within operating expenses	4	-	32
EBITDA before exceptional items		(2,781)	(9,251)
Equity-settled share-based payment (excluding exceptional item)	14	2,201	1,787
Adjusted EBITDA before exceptional items		(580)	(7,464)
Development expenditure capitalised	9	(6,303)	(5,860)
Adjusted EBITDA before exceptional items including development expenditure		(6,883)	(13,324)

6. Net finance (costs)/income

	Notes	Year ended 31 December 2017 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Interest receivable – bank		29	1
Exchange gain	4	-	8,169
Finance income		29	8,170
Exchange loss	4	(3,994)	(25)
Interest payable on bank borrowings		(167)	(79)
Finance charges		(119)	(83)
Amortisation of loan costs		(58)	(107)
Finance costs		(4,338)	(294)
Net finance (costs)/income		(4,309)	7,876

7. Income tax

	Year ended 31 December 2017 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Current tax expense		
Current year	**390**	542
Adjustment for prior years	**99**	230
Income tax	**489**	772

8. Loss per share

Basic loss per share

Basic loss per share is calculated based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:

	Year ended 31 December 2017 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Loss for the year attributable to ordinary shareholders	**13,515**	9,275
Weighted average number of ordinary shares	**Number of shares '000**	Number of shares '000
At the start of the year	**37,068**	29,564
Effect of shares issued in the year	**715**	3,727
Weighted average number of ordinary shares during the year	**37,783**	33,291
Basic loss per share	**$0.36**	$0.28

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:

Adjusted loss for the year:	**Notes**	Year ended 31 December 2017 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Loss for the year attributable to ordinary shareholders		**13,515**	9,275
Add back:			
Exceptional items	**4**	**(3,994)**	8,112
Equity-settled share-based payment (excluding exceptional item)	**14**	**(2,201)**	(1,787)
Adjusted basic loss for the year		**7,320**	15,600
Adjusted loss per share		**$0.19**	$0.47

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 Condensed consolidated statement of profit and loss and other comprehensive income, is the same as for the basic loss per share.

9. Intangible assets

At 31 December 2017 (Unaudited)	Other intangible assets $'000	Development costs $'000	Computer software $'000	Total $'000
Cost				
At 1 January 2017	**3,154**	**37,016**	**189**	**40,359**
Additions – third party	**-**	**-**	**1,500**	**1,500**
Additions – own work capitalised	**-**	**6,303**	**-**	**6,303**
At 31 December 2017	**3,154**	**43,319**	**1,689**	**48,162**
Amortisation				
At 1 January 2017	**(3,154)**	**(31,039)**	**(189)**	**(34,382)**
Amortisation charge for the year	**-**	**(6,366)**	**(333)**	**(6,699)**
At 31 December 2017	**(3,154)**	**(37,405)**	**(522)**	**(41,081)**
Net book value - At 31 December 2017	**-**	**5,914**	**1,167**	**7,081**

At 31 December 2016 (Audited)				
Cost				
At 1 January 2016	3,154	31,156	189	34,499
Additions – own work capitalised	-	5,860	-	5,860
At 31 December 2016	3,154	37,016	189	40,359
Amortisation				
At 1 January 2016	(2,804)	(22,923)	(189)	(25,916)
Amortisation charge for the year	(350)	(8,116)	-	(8,466)
At 31 December 2016	(3,154)	(31,039)	(189)	(34,382)
Net book value - At 31 December 2016	-	5,977	-	5,977

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 are determined using value in use ("VIU") calculations. As at 31 December 2017 and 2016, the Group had one CGU, the DConE CGU, which represents the Group's patented DConE replication technology, forming the basis of products for both the Source Code Management and Big Data markets, including the new Fusion platform that was launched in 2015.

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 2017 and 31 December 2016. These calculations use cash flow projections based on financial forecasts, which anticipate growth in the Group's installed base along with new customer growth, along with a stable cost base, 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% (2016: 10%) and a terminal value growth rate of 2% from 2022. 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.

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.

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

10. Other non-current assets

Due in more than a year:	31 December 2017 (Unaudited) $'000	31 December 2016 (Audited) $'000
Accrued income	**889**	-

11. Trade and other receivables

Due within a year:	31 December 2017 (Unaudited) $'000	31 December 2016 (Audited) $'000
Trade receivables	**2,115**	3,926
Other receivables	**466**	485
Accrued income	**2,350**	-
Corporation tax	**527**	1,446
Prepayments	**511**	288
Total trade and other receivables	**5,969**	6,145

12. Bank loan

Unsecured bank loan	31 December 2017 (Unaudited) $'000	31 December 2016 (Audited) $'000
Within a year	**889**	-
In more than a year	**3,111**	-
Total bank loan	**4,000**	-

At 31 December 2017, the $4.0 million of bank loan represents term debt drawn down under a new debt facility with Silicon Valley Bank that was announced on 26 June 2017. The facility replaced the previous HSBC facility that was due to expire on 30 June 2017. The new facility is due to mature on 1 April 2021 and comprises up to $5.0 million available as 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. There is an additional $3.0 million available through a revolving credit facility secured by qualifying accounts receivable.

13. Deferred income

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

Deferred income which falls due:	31 December 2017 (Unaudited) $'000	31 December 2016 (Audited) $'000
Within a year	**7,102**	5,809
In more than a year	**7,058**	6,683
Total deferred income	**14,160**	12,492

14. Share-based payment

WANdisco plc operates share option plans for qualifying 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.

The terms and conditions of the share option grants are detailed in the Group annual financial statements for the year ended 31 December 2016.

		Year ended 31 December 2017 (Unaudited)	Year ended 31 December 2016 (Audited)
Analysis of equity-settled share-based payment charge:	**Notes**	**$'000**	$'000
Equity-settled share-based payment charge in relation to acquisition - TortoiseSVN.net	**4**	**-**	32
Non-exceptional equity-settled share-based payment charge		**2,201**	1,787
Total equity-settled share-based payment charge		**2,201**	1,819

As part of the acquisition of the TortoiseSVN.net community website in June 2013, restricted shares were issued to the lead developer of the website for TortoiseSVN.net community website. These shares were treated as contingent payments and have been accounted for under IFRS 2 "Share-based Payment" rather than as part of the acquisition consideration under IFRS 3 "Business Combinations".

Summary of share options outstanding

	Year ended 31 December 2017 (Unaudited)	Year ended 31 December 2016 (Audited)
Number of share options outstanding:	**Number**	Number
Balance at the start of the year	**4,318,899**	4,437,995
Granted	**2,020,514**	1,592,924
Forfeited	**(572,483)**	(1,052,031)
Exercised	**(865,231)**	(659,989)
Balance at the end of the year	**4,901,699**	4,318,899
Exercisable at the end of the year	**2,073,904**	2,733,488
Vested at the end of the year	**2,073,904**	2,733,488

Weighted average exercise price for:	**$**	$
Shares granted	**5.50**	2.15
Shares forfeited	**9.47**	3.40
Options exercised	**0.76**	0.18
Exercise price in the range:		
From	**0.13**	0.15
To	**6.14**	21.20

	Years	Years
Weighted average contractual life remaining	**7.8**	7.8

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Fair value assumptions:	**Year ended 31 December 2017 (Unaudited)**	Year ended 31 December 2016 (Audited)
Dividend yield	**0.00%**	0.00%
Risk-free interest rate	**1.02%**	1.05%
Stock price volatility	**30%**	30%
Expected life (years)	**7.0**	7.0
Weighted average fair value of options granted during the year	**$4.24**	$3.09

- The dividend yield is based on the Company's forecast dividend rate and the current market price of the underlying common stock at the date of grant.
- Expected life in years is determined from the average of the time between the date of grant and the date on which the options lapse.
- Expected volatility is based on the historical volatility of shares of listed companies with a similar profile to the Company.
- The risk-free interest rate is based on the treasury bond rates for the expected life of the option.

15. Contingent liabilities

The Group had no contingent liabilities at 31 December 2017 (31 December 2016: None).

16. Post-balance sheet events

There are no significant or disclosable post-balance sheet events.