24 April 2019

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

Preliminary results for the year ended 31 December 2018

- Increased quality of earnings derived from substantial annual recurring cloud contract wins
- Addressable market growth driven by expanding Microsoft and IBM partnerships and Multicloud product

WANdisco (LSE: WAND), the LiveData company announces results for the year ended 31 December 2018.

Financial highlights

- Revenue for the year of $17.0 million (2017: $19.6 million) with H2 revenue increasing 13% to $11.3m
- Cash overheads[3] of $29.8 million (2017: $24.5 million)
- Adjusted EBITDA[4] loss of $9.4 million (2017: $0.6 million)
- Operating loss for the year $22.1 million (2017: $9.7 million)
- Cash at 31 December 2018 of $10.8 million (2017: $27.4 million)
- Debt of $3.9 million (2017: $4.0 million)

Post period-end performance

- Strong Q1 2019 progress with revenue of $4.0 million, up 38% year-on-year
- Successfully closed a fundraise raising gross proceeds of $17.5 million on 14 February 2019
- Cash balance on 12 April 2019 of $24.4 million
- Strong pipeline underpins the Boards confidence in the outlook for the full year

Operational and strategic highlights

- Shift towards recurring revenue model based on annual recurring revenue from cloud contracts
    - $3 million US health insurance subscription contract through Microsoft co-sell status
    - $1 million partially recurring Source Code Management contract with ICT provider in China
    - $200k recurring automotive contract expected to expand substantially

- Deepening our key strategic partnerships
    - Microsoft Azure co-sell status delivering strategic deals with high profile customers through the world's second largest cloud
        - New customers include a major bank, semiconductor company and major retailer
    - IBM OEM royalty percentage increased to 50% with guaranteed annual minimum royalty commitment and joint SQL product launch
        - New customers in insurance, banking, telecommunications and US Government
    - Gained Advanced Technology Partner status with Amazon Web Services ("AWS") and collaborated with AWS to win first multi-cloud contract
    - OEM sales partnership with Alibaba Cloud, first product now integrated with its Cloud Solution

- Growing product expands addressable market
    - Launched LiveData product for Multicloud and won first contract with a global network operator
    - IBM BigSQL co-engineered product launched expanding addressable LiveData market
    - Filed blockchain patent to potentially open significant new market for WANdisco's core technology

- Appointment of Silicon Valley expert Bob Corey as Senior Non-executive Director and Vice Chairman to the Board and Joel Horowitz as SVP of Marketing

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

"This has been an important year for WANdisco, with substantial progress in both partnerships and product to unlock the significant potential in cloud computing. We have significantly extended our relationship with Microsoft, gaining co-sell status that allows our WANdisco Fusion platform to be sold as a standard offering with Microsoft's Cloud Solution, Azure. Throughout the year we have continued to build on this foundation and have closed a number of strategic deals with high profile Microsoft customers.

Cloud has firmly overtaken on-premises, and as businesses continue that transition they are using a variety of cloud vendors. LiveData for Multicloud plays a critical role in that environment, enabling businesses to replicate their data assets, seamlessly between cloud regions, or different cloud vendors.

We also have begun to see a significant structural shift in the composition of our revenue base, from large, difficult-to-forecast on-premises transactions toward more predictable, annual recurring cloud revenues. We see significant opportunities to expand our addressable market in cloud and as annual recurring revenues increase over time, develop a smoother, increasing revenue profile for our firm."

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

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. *Effective 1 January 2018, the Company adopted a new revenue recognition standard (IFRS 15 "Revenue from Contracts with Customers"), which impacted the Company's recognition of revenue from certain of its term licence agreements. The Company adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. In the interest of comparability during the transition year to IFRS 15, the Company has provided revenue, Adjusted EBITDA and statutory loss information in accordance with both IFRS 15 and also under the previous revenue recognition standard in effect prior to the adoption of IFRS 15 ("IAS 18 - Revenue"). See Note 3 to the condensed consolidated financial statements for a reconciliation.*
3. *Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 6 to the condensed consolidated financial statements for a reconciliation.*
4. *Operating loss adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 6 to the condensed consolidated financial statements for a reconciliation.*

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About WANdisco

WANdisco is the LiveData company that empowers enterprises to revolutionize their IT infrastructure with its ground-breaking DConE technology that powers the WANdisco Fusion platform, enabling companies to generate hyperscale economics with the same IT budget — across multiple development environments, data centres, and cloud providers.

WANdisco Fusion powers hundreds of the Global 2000, including Cisco Systems, Allianz, AMD, Juniper, Morgan Stanley and more. With significant OEM relationships with IBM and Alibaba and go-to-market partnerships with Amazon Web Services, Microsoft Azure, Google Cloud, Oracle and other industry titans, WANdisco is igniting a LiveData movement worldwide.

For more information on WANdisco, visit http://www.wandisco.com

BUSINESS REVIEW

This has been an important year for WANdisco, as we have begun to unlock the significant potential in cloud computing. We have significantly extended our relationship with Microsoft, gaining co-sell status that allows our WANdisco Fusion platform to be sold as a standard offering with Microsoft's Cloud Solution, Azure. Throughout the year we have continued to build on this foundation and have closed a number of strategic deals with high profile Microsoft customers. These initial deployments with Microsoft will allow their customers to migrate their data to Microsoft Azure, which was previously impossible to do without a prolonged outage leading to increased cost and serious operational issues.

Our development efforts, increasingly cloud focused, has enabled the release of the first ever product to provide digital businesses the ability to constantly replicate data seamlessly between cloud regions, or different cloud vendors. Early success in the cloud have also led to an evolutionary transition towards predictable, annual recurring cloud revenue and away from large and difficult to predict on-premises transactions. Our initial cloud deployments, along with many more in our pipeline, are structured as annual recurring licence revenue, which should lend greater predictability to the business as the number and value of contracts grow over time.

Additionally, we significantly strengthened our relationship with IBM, increasing the royalty payable to the Group including a contractual minimum commitment and expanding its footprint in the IBM channel with the release of Fusion for IBM BigSQL. Finally, as an additional proof point for the strategic importance of WANdisco Fusion to cloud providers, we also signed an OEM agreement with Alibaba, and have completed the integration of WANdisco Fusion with Alibaba's Cloud Solution. After the end of the year we furthered our cloud relationships by achieving Advanced Technology Partner status with AWS. This is designated as the highest tier of technology partners.

Big Data and cloud – WANdisco Fusion

Our Big Data product, WANdisco Fusion, has continued to secure prominent new customers, particularly within automotive, healthcare, electronics technology and telecommunications. These customers are using Fusion for a number of use cases including on-premises to cloud replication and disaster recovery. On-premises Hadoop implementations still remain an important part of our current business, with a significant, but smaller total addressable market than cloud computing – which is also growing faster. We have strengthened our relationship with our OEM partner IBM, which will allow us to efficiently and profitably service the on-premises segment of our business.

We are very excited about our early strides in the cloud computing segment of our business, with significant strategic partnerships being established in the year. In March 2018, we signed an OEM with the largest cloud provider in China and Asia, Alibaba, which will see our Fusion product launched as the Alibaba standard for replication to the Alibaba Cloud.

Also, in March 2018, we became a major co-sell partner with Microsoft, whose Azure cloud service is the second largest cloud provider only behind Amazon Web Services. Microsoft has been very successful in transitioning their business model from on-premises applications to the cloud and have made many of the business standard applications used worldwide available in the cloud. Like all cloud service providers, they have not been able to solve the problem of getting customers' data at scale to the cloud without the customer experiencing a significant disruption to service. They have recognised that only WANdisco Fusion can solve this problem for them, and we already have seen significant early traction with their customers, with a number of strategic deals in the year across a diverse range of sectors including banking, semiconductors and retail.

Cloud deals have a different revenue and cash profile than our on-premises perpetual licence deals, with initially smaller deals that are structured as annual recurring billings, rather than a large upfront payment, with only future maintenance revenues. Cloud deals offer the customer the ability to start with a modest implementation, and then both expand the size and extend the duration of the contract over time. This should build an annuity of revenue from each customer that is predictable and expanding on an annual basis, leading to a more predictable business model for WANdisco.

Source Code Management ("SCM")
In 2018, we maintained our sales focus for our SCM products and we continue to see an opportunity in the segment of the SCM market that we focus on. Software development continues to become more geographically and organisationally distributed, bringing greater challenges in control and efficiency, both amongst software publishers and in industry more generally, which drives the continuing need for SCM products.

Our sales and development expenditures are modest for our SCM products, and revenue consisted primarily of renewals from existing customers.

Protecting our advantage
WANdisco's intellectual property, which is based on complex mathematics developed over several years, is well protected; we have more than 42 patents filed to date with 21 now granted. Furthermore, WANdisco Fusion is used every day, at significant scale, by major brands across multiple sectors worldwide – 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. David Richards, our Chairman and Co-Founder, established the David & Jane Richards Family Foundation to fund data science programmes in UK schools.

The Board
In November 2018, Bob Corey was welcomed to the Board. Bob brings more than 30 years of executive and financial management experience in public and private software and hardware companies in Silicon Valley. Bob has deep corporate governance experience and has served on numerous Boards in Silicon Valley as Chairman of the Board, Chairman of the Audit Committee and as a member of Remuneration, Nomination and Governance committees.

Medium-term strategic opportunity
As the market for live data and multi-cloud continues to accelerate, the Group has identified the following medium-term strategic opportunity for the business at the heart of the cloud ecosystem. Across all OEMs there is a potential for annual minimum commitments to aggregate to more than $25m in the medium-term. At scale cloud migration is likely to be a multi-year revenue opportunity charged at a premium. The opportunity for cloud migration is in excess of hundreds of petabytes of data to be migrated over the coming years, presenting a cumulative revenue opportunity of over $50 million in the medium-term. Over and beyond our OEM relationships, there is an opportunity for multi-cloud to grow to over $25 million of annual recurring revenue. Other use cases outside of OEMs, including Disaster Recovery, Datalake and on-premises, represents an ongoing medium-term opportunity of over $10m of annual revenue.

Outlook
We are seeing increasingly strong market traction for our products as the global demand for Big Data and cloud migration unfolds. Our Fusion product sits at the heart of this evolution and when combined with our channel partners such as IBM, Microsoft, Alibaba and Amazon Web Services, we continue to see strong demand for our products. We have a strong pipeline of deals from both our channel partners and direct sales.

In addition, we continue to develop our partner network, to expand our total addressable market and ensure our go-to-market activities for Fusion are fully optimised. The Company has a robust and strengthening sales pipeline which underpins the Board's continued confidence in achieving forecast expectations.

FINANCIAL REVIEW

Like all companies, as required by the International Accounting Standards Board "IASB" the Group has initially adopted IFRS 15 "Revenue from Contracts with Customers" effective 1 January 2018. The effect of initially applying IFRS 15 is mainly attributed to the following:

- Subscription term licence agreements are now split into a licence and maintenance and support element with the earlier recognition of the licence element reducing deferred revenue;
- Recognition of an asset (receivable) for the element of licence revenue recognised above relating to a future year payment instalment; and
- Accrued commission costs are deferred across the period over which the related revenue is recognised.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 "Revenue", the previous reporting standard. The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Deferred revenue from sales booked during 2018 and in previous years, and not yet recognised as revenue, is $4.3 million at 31 December 2018 (at 31 December 2017 this stood at $14.2 million, which was reduced to $5.5 million on a like-for-like basis post IFRS 15). Our deferred revenue represents future revenue from new and renewed contracts, many of them spanning multiple years.

Adjusted EBITDA loss[4] was $9.4 million (2017: $0.6 million). The increased loss was due to the strategic investments we are making in our channel partner relationships and engineering capabilities to drive long-term growth. These investments coincide with lower bookings and a reduction in revenue as we continue to transition toward a subscription model.

Statutory loss for the year increased to $18.6m (2017: $13.5m).

Big Data and cloud – WANdisco Fusion
Big Data revenue was $10.8 million (2017: $11.1 million), reflecting a partial shift to cloud-based revenues with recurring annual revenues and some deals that were delayed to future years.

While contract wins continue to exhibit variability in the timing of their completion, we expect the transition to more annual recurring revenues to provide greater predictability in the future.

Source Code Management
Source Code Management "SCM" revenue for the year was $6.2 million (2017: $8.5 million). The adoption of IFRS 15 and its impact on deferred revenue at the beginning of the year negatively impacted SCM revenues.

The majority of revenues have come from contract renewals, and the SCM product line continued to generate positive margin contribution due to its product maturity, strong licence renewals from existing customers and the inherent operating leverage in the business.

Operating costs
Cash overheads[3] increased in the year as we made investments in go-to-market resources and engineering, rising to $29.8 million from $24.5 million in 2017.

Operating expenses increased to $37.6m (2017: $27.4m) due to the reasons above, an increase in the share-based payment charge of $3.7m and lower development capitalisation of $1.4m.

Product development expenditure capitalised in the year was $4.9 million (2017: $6.3 million). All of this expenditure was associated with new product features. The lower amount for 2018 as compared to the prior year reflects lower capitalisation of development costs and not a reduction in gross research and development spend.

Our headcount was 148 as at 31 December 2018 (December 2017: 132). 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[4] loss for the year was $9.4 million (2017: $0.6 million).

The loss after tax for the year increased to $18.6 million (2017: $13.5 million), as a result of the lower revenue and increased overheads and share-based payment charge. The exceptional finance gain of $2.8 million (2017: $4.0 million loss) arose from the retranslation of intercompany balances at 31 December 2018, reflecting the reduction in sterling against the US dollar. The impact of FX rate 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. An equal and opposite translation gain on the net assets of overseas net assets in reserves result in no impact on the Group net assets.

Balance sheet and cash flow
Trade and other receivables at 31 December 2018 were $7.4 million (31 December 2017: $6.0 million, which was increased to $7.3 million on a like-for-like basis post IFRS 15). This includes $1.8 million of trade receivables (31 December 2017: $2.1 million) and $5.6 million related to non-trade receivables (31 December 2017: $3.9 million, which was increased to $5.2 million on a like-for-like basis post IFRS 15).

Net consumption of cash was $16.7 million before financing (2017: $5.3 million), resulting in a closing cash balance of $10.8 million at 31 December 2018. The consumption of cash was due primarily to lower revenues and an increase in Cash overheads. At 31 December 2018 we had drawings under our revolving credit facility with Silicon Valley Bank of $3.9 million.

Brexit
The Company has analysed the potential impact on the Company in the following parameters:

- Foreign exchange fluctuations;
- Personnel matters; and
- Export/import.

Foreign exchange
Wandisco plc is a geographically dispersed software development organisation. The functional currency is US dollars and all of our revenue is denominated in US dollars. Nearly all of our customers are in the USA. Brexit is not expected have a material effect on revenue.

From a cost perspective, approximately 1/3 of our operating costs are denominated in sterling. Depending on the type of Brexit, sterling may either appreciate or depreciate against the US dollar, and this may impact profitability accordingly.

Personnel matters
As a technology company at the cutting edge of research, our business depends on being able to attract talent from everywhere. Presently we employ a small number of EU nationals in our UK operations. Potential changes to immigration controls and visa requirements may add complexity and cost to attract such individuals in the future. It is difficult to quantify the costs at this stage until the extent of the immigration issues becomes known, but potentially legal costs and other compliance related expenses may rise.

Export/import

Wandisco does not export any physical goods nor are any physical goods a component of cost of goods sold. We typically electronically deliver our software to our customers, thus the re-imposition of border controls on imports or exports to the EU should not have a material effect on our business. Nearly all of our customers are invoiced out of the USA in US dollars, and therefore no issues with VAT compliance are envisaged as well.

Subsequent events

After the year end on 14 February 2019 we announced the subscription of 2,489,499 new ordinary shares of ten 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. The proceeds will be used to support our relationships with strategic partners and provide growth working capital.

Adoption of QCA Code

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the Company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term".

The QCA Code contains 10 separate principles of good corporate governance. WANdisco complied with all 10 principles during the year, with the exception of Principle 5 which recommends that the Chairman and CEO positions are separate roles, and at least two directors are independent.

For part of the year there was only one independent Non-executive Director (Karl Monaghan). This was resolved on 19 November 2018 following the appointment of Bob Corey as Vice Chair and Senior Non-executive Director.

Our Nomination Committee regularly considers candidates for additional independent NEDs to add to the Board, information about which, including the Board Committees, can be found on our website. Further information on compliance with the QCA Code is provided in our 2018 Annual Report and Accounts.

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

		Year ended 31 December 2018			Year ended 31 December 2017		
		Pre-exceptional	Exceptional items (Note 5)	Total	Pre-exceptional	Exceptional items (Note 5)	Total
Continuing operations	**Note**	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000
Revenue	4	**17,019**	**-**	**17,019**	19,637	-	19,637
Cost of sales		**(1,544)**	**-**	**(1,544)**	(1,972)	-	(1,972)
Gross profit		**15,475**	**-**	**15,475**	17,665	-	17,665
Operating expenses		**(37,592)**	**-**	**(37,592)**	(27,360)	-	(27,360)
Operating loss		**(22,117)**	**-**	**(22,117)**	(9,695)	-	(9,695)
Finance income		**443**	**2,793**	**3,236**	29	-	29
Finance costs		**(514)**	**-**	**(514)**	(344)	(3,994)	(4,338)
Net finance (costs)/income		**(71)**	**2,793**	**2,722**	(315)	(3,994)	(4,309)
(Loss)/profit before tax		**(22,188)**	**2,793**	**(19,395)**	(10,010)	(3,994)	(14,004)
Income tax		**802**	**-**	**802**	489	-	489
(Loss)/profit for the year		**(21,386)**	**2,793**	**(18,593)**	(9,521)	(3,994)	(13,515)
Other comprehensive income							
Items that are or may be reclassified to profit or loss:							
Foreign operations – foreign currency translation differences		**(81)**	**(2,793)**	**(2,874)**	(184)	3,994	3,810
Other comprehensive income for the year, net of tax		**(81)**	**(2,793)**	**(2,874)**	(184)	3,994	3,810
Total comprehensive income for the year		**(21,467)**	**-**	**(21,467)**	(9,705)	-	(9,705)
Loss per share							
Basic and diluted loss per share	7			**($0.45)**			($0.36)

The notes form an integral part of these condensed consolidated financial statements.

Consolidated statement of financial position

At 31 December 2018

	Note	31 December 2018 $'000	31 December 2017 $'000
Assets			
Property, plant and equipment		**828**	556
Intangible assets		**5,516**	7,081
Other non-current assets	8	**2,580**	889
Non-current assets		**8,924**	8,526
Trade and other receivables	9	**7,399**	5,969
Cash and cash equivalents		**10,757**	27,396
Current assets		**18,156**	33,365
Total assets		**27,080**	41,891
Equity			
Share capital		**6,361**	6,156
Share premium		**115,909**	115,196
Translation reserve		**(7,348)**	(4,474)
Merger reserve		**1,247**	1,247
Retained earnings		**(102,365)**	(100,658)
Total equity		**13,804**	17,467
Liabilities			
Loans and borrowings	10	**98**	3,310
Deferred income	11	**1,277**	7,058
Deferred tax liabilities		**3**	4
Non-current liabilities		**1,378**	10,372
Current tax liabilities		**7**	11
Loans and borrowings	10	**3,990**	984
Trade and other payables		**4,860**	5,953
Deferred income	11	**3,041**	7,102
Deferred government grant		**-**	2
Current liabilities		**11,898**	14,052
Total liabilities		**13,276**	24,424
Total equity and liabilities		**27,080**	41,891

The notes form an integral part of these condensed consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2018

	Attributable to owners of the Company					
	Share capital	Share premium	Translation reserve	Merger reserve	Retained earnings	Total equity
Year ended 31 December 2017	$'000	$'000	$'000	$'000	$'000	$'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 for the year	-	-	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
Adjustment on application of IFRS 15 – see Note 3	**-**	**-**	**-**	**-**	**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	**-**	**-**	**-**	**-**	**(18,593)**	**(18,593)**
Other comprehensive income for the year	**-**	**-**	**(2,874)**	**-**	**-**	**(2,874)**
Total comprehensive income for the year	**-**	**-**	**(2,874)**	**-**	**(18,593)**	**(21,467)**
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	**-**	**-**	**-**	**-**	**5,857**	**5,857**
Share options exercised	**205**	**713**	**-**	**-**	**-**	**918**
Total transactions with owners of the Company	**205**	**713**	**-**	**-**	**5,857**	**6,775**
Balance at 31 December 2018	**6,361**	**115,909**	**(7,348)**	**1,247**	**(102,365)**	**13,804**

The notes form an integral part of these condensed consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2018

	Note	**Year ended 31 December 2018 $'000**	Year ended 31 December 2017 $'000
Cash flows from operating activities			
Loss for the year		**(18,593)**	(13,515)
Adjustments for:			
- Depreciation of property, plant and equipment		**388**	215
- Amortisation of intangible assets		**6,475**	6,699
- Loss on disposal of property, plant and equipment		**3**	-
- Net finance costs		**71**	315
- Income tax		**(802)**	(489)
- Foreign exchange		**(2,517)**	3,860
- Equity-settled share-based payment	12	**5,857**	2,201
		(9,118)	(714)
Changes in:			
- Trade and other receivables		**281**	(1,618)
- Trade and other payables		**(925)**	1,331
- Deferred income		**(1,230)**	1,668
- Deferred government grant		**(2)**	(11)
Net working capital change		**(1,876)**	1,370
Cash (used in)/generated from operating activities		**(10,994)**	656
Interest paid		**(399)**	(286)
Income tax received		**51**	1,364
Net cash (used in)/generated from operating activities		**(11,342)**	1,734
Cash flows from investing activities			
Interest received		**213**	29
Proceeds from sale of property, plant and equipment		**5**	1
Acquisition of property, plant and equipment		**(677)**	(254)
Acquisition of third party software		**-**	(500)
Development expenditure		**(4,910)**	(6,303)
Net cash used in investing activities		**(5,369)**	(7,027)
Cash flows from financing activities			
Proceeds from issue of shares		**918**	21,188
Net proceeds from bank loan		**(111)**	4,000
Payment of finance lease liabilities		**(95)**	(89)
Net cash from financing activities		**712**	25,099
Net (decrease)/increase in cash and cash equivalents		**(15,999)**	19,806
Cash and cash equivalents at 1 January		**27,396**	7,558
Effect of movements in exchange rates on cash and cash equivalents		**(640)**	32
Cash and cash equivalents at 31 December		**10,757**	27,396

The notes form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2018

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 2018 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

a 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 2018, this announcement does not itself contain sufficient information to comply with IFRS.

The financial information contained in this preliminary announcement does not constitute the company's statutory accounts for the years ended 31 December 2018 or 31 December 2017 but is derived from these accounts. Statutory accounts for the year ended 31 December 2017 have been delivered to the registrar of companies with the Jersey Financial Services Commission ("JFSC"), and those for the year ended 31 December 2018 will be delivered to the registrar in due course. The auditor has reported on those accounts; the audit reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 113B (3) or (6) of the Companies (Jersey) Law 1991.

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 preliminary announcement has been prepared using the accounting policies published in the Group's accounts for the year ended 31 December 2017, which are available on the Company's website. From 1 January 2018 the new standards set out below were adopted by the Group.

(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 2018 have been adopted:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"
- Clarifications to IFRS 15 "Revenue from Contracts with Customers"
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (Amendments to IFRS 1 and IAS 28)
- Annual Improvements to IFRS Standards 2014-2016 Cycle – (Amendments to IFRS 1 and IAS 28)
- Transfers of Investment Property (Amendments to IAS 40)

Apart from IFRS 15 "Revenue from Contracts with Customers" where the impact is detailed in Note 3 below, these standards and amendments to standards have not had a material impact on these Financial statements.

This is the first set of the Group's financial statements where IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied. Changes to significant accounting policies are described in Note 3.

These Financial statements were authorised for issue by the Company's Board of Directors on 23 April 2019.

(ii) New and amended standards and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Financial statements.

The following standard is expected to have a material impact on the Group's financial statements in the period of initial application.

2. Basis of preparation (continued)

a Basis of accounting (continued)

(ii) New and amended standards and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted (continued)

IFRS 16 "Leases"

The Group is required to adopt IFRS 16 "Leases" from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change as the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

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.

IFRS 16 replaces existing lease guidance, including IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

– **Impact on application**

The Group will recognise new assets and liabilities for its operating leases of office premises. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for the Group's finance leases.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of approximately $2.0m as at 1 January 2019.

– **Transition**

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

b Going concern

These 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 10.

As at 31 December 2018 the Group had net assets of $13.8m (31 December 2017: $17.5m), including cash of $10.8m (2017: $27.4m) as set out in the consolidated statement of financial position, with a debt facility drawn of $3.9m (2017: debt facility drawn of $4.0m). In the year ended 31 December 2018, the Group incurred a loss before tax of $19.4m (2017: $14.0m) and net cash outflows before financing of $16.7m (2017: $5.3m).

During 2018, the performance of the Group declined, with revenues reducing by 13% to $17.0m (2017: $19.6m) and operating loss increasing to $22.1m (2017: $9.7m).

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 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 in Note 10. The model includes the injection of $17.5m of cash which was raised following the year end on 14 February 2019, as detailed in Note 14.

Whilst the Directors are confident in the Group's ability to grow bookings, the Board's sensitivity modelling (which considered the impact of Brexit) 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 2018) 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 bookings were set to remain consistent with the level reported in 2018. 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 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.

2. Basis of preparation (continued)

c Functional and presentational currency

The consolidated financial statements are presented in US dollars, which is the functional currency of the Group, as the revenue for the Group is predominately 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.

d 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. 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.
- Adjusted EBITDA: Operating loss adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment.

e Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15, which are described in Note 3.

3. Changes in significant accounting policies – IFRS 15

The Group has initially applied IFRS 15 "Revenue from Contracts with Customers" from 1 January 2018. Several other new standards are also effective from 1 January 2018, but they do not have a material effect on the Group's financial statements.

Due to the transition method chosen by the Group in applying this standard, comparative information throughout these Financial statements has not been restated to reflect the requirements of the new standard.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated - i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The effect of initially applying this standard is as follows:

a) Subscription term licence agreements are now split into a licence and maintenance and support element with the earlier recognition of the licence element reducing deferred revenue;
b) Recognition of an asset (receivable) for the element of licence revenue recognised above relating to a future year payment instalment; and
c) Accrued sales commissions deferred across the period over which the related revenue is recognised.

The following table summarises the impact of transition to IFRS 15 on retained earnings at 1 January 2018.

Retained earnings	Note	Impact of adopting IFRS 15 at 1 January 2018 $'000
Deferred revenue: Earlier recognition of licence revenue from subscription term licence agreements	3(a)	**8,612**
Accrued income: Recognition of an asset for licence revenue recognised from future period payment instalments	3(b)	**1,763**
Other receivables: Accrued sales commissions deferred	3(c)	**654**
Impact at 1 January 2018		**11,029**

3. Changes in significant accounting policies – IFRS 15 (continued)

The following tables summarise the impacts of adopting IFRS 15 on the Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 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 2018.

Impact on the consolidated statement of profit or loss and other comprehensive income		**Year ended 31 December 2018**			Year ended 31 December 2017
		As reported (IFRS 15)	**Adjustments**	**Amounts without adoption of IFRS 15**	Amounts without adoption of IFRS 15
Continuing operations	**Note**	**$'000**	**$'000**	**$'000**	$'000
Revenue	3(a)	**17,019**	**(4,828)**	**12,191**	19,637
Cost of sales	3(c)	**(1,544)**	**78**	**(1,466)**	(1,972)
Gross profit		**15,475**	**(4,750)**	**10,725**	17,665
Cash overheads		**(29,782)**	**-**	**(29,782)**	(24,548)
Adjusted EBITDA including development expenditure		**(14,307)**	**(4,750)**	**(19,057)**	(6,883)
Development expenditure capitalised		**4,910**	**-**	**4,910**	6,303
Adjusted EBITDA		**(9,397)**	**(4,750)**	**(14,147)**	(580)
Amortisation and depreciation		**(6,863)**	**-**	**(6,863)**	(6,914)
Equity-settled share-based payment		**(5,857)**	**-**	**(5,857)**	(2,201)
Operating loss		**(22,117)**	**(4,750)**	**(26,867)**	(9,695)
Net finance income/(costs)	3(b)	**2,722**	**(230)**	**2,492**	(4,309)
Loss before tax		**(19,395)**	**(4,980)**	**(24,375)**	(14,004)
Income tax		**802**	**-**	**802**	489
Loss for the year		**(18,593)**	**(4,980)**	**(23,573)**	(13,515)
Other comprehensive income for the year, net of tax		**(2,874)**	**-**	**(2,874)**	3,810
Total comprehensive income for the year		**(21,467)**	**(4,980)**	**(26,447)**	(9,705)

Impact on the consolidated statement of financial position		**31 December 2018**			31 December 2017
		As reported (IFRS 15)	**Adjustments**	**Amounts without adoption of IFRS 15**	Amounts without adoption of IFRS 15
	Note	**$'000**	**$'000**	**$'000**	$'000
Non-current assets	3(b),(c)	**8,924**	**(1,691)**	**7,233**	8,526
Current assets	3(b),(c)	**18,156**	**(2,991)**	**15,165**	33,365
Total assets		**27,080**	**(4,682)**	**22,398**	41,891
Total equity		**13,804**	**(16,009)**	**(2,205)**	17,467
Non-current liabilities	3(a)	**1,378**	**6,256**	**7,634**	10,372
Current liabilities	3(a)	**11,898**	**5,071**	**16,969**	14,052
Total liabilities		**13,276**	**11,327**	**24,603**	24,424
Total equity and liabilities		**27,080**	**(4,682)**	**22,398**	41,891

The principles in IFRS 15 must be applied using the following five 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.

4. Revenue and segmental analysis

a Operating segments

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

b 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 2018 $'000**	Year ended 31 December 2017 $'000
North America	**14,100**	16,132
Europe	**1,785**	2,865
Rest of the world	**1,134**	640
	17,019	19,637

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

c Major products

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

Revenue	**Year ended 31 December 2018 $'000**	Year ended 31 December 2017 $'000
Source Code Management	**6,254**	8,484
Big Data	**10,765**	11,153
	17,019	19,637

d Major customers

Included in revenue from Big Data of $10,765,000 (2017: $11,153,000) are revenues of $5,459,000 (32% of revenue) (2017: $7,794,000 (40% of revenue)) and $2,471,000 (15% of revenue) (2017: $nil) which arose from sales to the Group's two largest customers. No other single customers contributed 10% or more to the Group's revenue (2017: $nil).

e Split of revenue by timing of revenue recognition

Revenue	**Year ended 31 December 2018 $'000**	Year ended 31 December 2017 $'000
Products transferred at a point in time	**13,472**	-
Products and services transferred over time	**3,547**	-
	17,019	-

The Group has initially applied IFRS 15 at 1 January 2018. Under the transition method chosen, comparative information is not restated, see Note 3.

f Contract balances

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

	31 December 2018 $'000	**1 January 2018 $'000**	**31 December 2017 $'000**
Receivables, which are included in "Other non-current assets - Accrued income"	**2,340**	1,626	889
Contract assets, which are included in "Other non-current assets – Other receivables"	**240**	333	-
Receivables, which are included in "Trade and other receivables – Accrued income"	**2,654**	3,376	2,350
Contract assets, which are included in "Trade and other receivables – Other receivables"	**337**	321	-
Contract liabilities, which are included in "Deferred income" - non-current	**(1,277)**	(1,732)	(7,058)
Contract liabilities, which are included in "Deferred income" – current	**(3,041)**	(3,816)	(7,102)

Contract assets represent deferred sales commissions, see Note 3.

5. Exceptional items

	Note	Year ended 31 December 2018 $'000	Year ended 31 December 2017 $'000
Exchange gain/(loss) on intercompany balances		**2,793**	(3,994)

The exceptional gain/(loss) arose on sterling-denominated intercompany balances. These balances were retranslated at the closing exchange rate at 31 December 2018, which was 1.27, a 6% reduction compared to the rate of 1.35 at 31 December 2017. Sterling to US dollar exchange rates improved during 2017 compared to 2016, which declined following the Brexit vote on 23 June 2016. Due to the size and nature of the exchange gain/(loss) in both years, it has been included as an exceptional item.

The exceptional gain/(loss) on intercompany balances in the consolidated statement of profit or loss is offset by an equivalent exceptional exchange (loss)/gain 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.

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

a Reconciliation of operating expenses to "Cash overheads":	Note	Year ended 31 December 2018 $'000	Year ended 31 December 2017 $'000
Operating expenses		**(37,592)**	(27,360)
Adjusted for:			
Amortisation and depreciation		**6,863**	6,914
Equity-settled share-based payment	12	**5,857**	2,201
Development expenditure capitalised		**(4,910)**	(6,303)
Cash overheads		**(29,782)**	(24,548)

b Reconciliation of operating loss to "Adjusted EBITDA":	Note	Year ended 31 December 2018 $'000	Year ended 31 December 2017 $'000
Operating loss		**(22,117)**	(9,695)
Adjusted for:			
Amortisation and depreciation		**6,863**	6,914
Equity-settled share-based payment	12	**5,857**	2,201
Adjusted EBITDA		**(9,397)**	(580)
Development expenditure capitalised		**(4,910)**	(6,303)
Adjusted EBITDA including development expenditure		**(14,307)**	(6,883)

7. 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:

	Year ended 31 December 2018	Year ended 31 December 2017
	$'000	$'000
Loss for the year attributable to ordinary shareholders	**18,593**	13,515

Weighted average number of ordinary shares	**Number of shares '000**	Number of shares '000
Issued ordinary shares at 1 January	**40,904**	37,068
Effect of shares issued in the year	**828**	715
Weighted average number of ordinary shares at 31 December	**41,732**	37,783

	2018 $	2017 $
Basic loss per share	**$0.45**	$0.36

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:

Adjusted loss for the year:	**Note**	**Year ended 31 December 2018 $'000**	Year ended 31 December 2017 $'000
Loss for the year attributable to ordinary shareholders		**18,593**	13,515
Adjusted for:			
Exceptional items	**5**	**2,793**	(3,994)
Equity-settled share-based payment	**12**	**(5,857)**	(2,201)
Adjusted loss for the year		**15,529**	7,320

	2018 $	2017 $
Adjusted loss per share	**$0.37**	$0.19

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.

8. Other non-current assets

Due in more than a year:	31 December 2018 $'000	31 December 2017 $'000
Other receivables	**240**	-
Accrued income	**2,340**	889
Total other non-current assets	**2,580**	889

9. Trade and other receivables

Due within a year:	31 December 2018 $'000	31 December 2017 $'000
Trade receivables	**1,810**	2,115
Other receivables	**1,059**	466
Accrued income	**2,654**	2,350
Corporation tax	**1,304**	527
Prepayments	**572**	511
Total trade and other receivables	**7,399**	5,969

10. Loans and borrowings

	31 December 2018 $'000	31 December 2017 $'000
Non-current liabilities		
Unsecured bank loan	**-**	3,111
Finance lease liabilities	**98**	199
	98	3,310
Current liabilities		
Current portion of unsecured bank loan	**3,889**	889
Current portion of finance lease liabilities	**101**	95
	3,990	984
Total loans and borrowings	**4,088**	4,294

At 31 December 2018, the $3.9m of bank loan (2017: $4.0m) represents term debt drawn down with Silicon Valley Bank. The facility comprises $3.9m (2017 $5.0m) 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 $3.0m available through a revolving credit facility secured by qualifying accounts receivable.

The unsecured bank loan contains 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. Accordingly, the loan was not repaid, but is disclosed in the Consolidated statement of financial position as due within one year. The EBITDA covenants for Q1 and Q2 2019 have also been waived by the bank on 29 March 2019. New targets for Q3 and Q4 2019 will be agreed with the bank in due course in line with the agreement.

11. Deferred income

Deferred income represents contracted sales for which services to customers will be provided in future periods. The effect of initially applying IFRS 15 is described in Note 3.

Deferred income which falls due:	31 December 2018 $'000	31 December 2017 $'000
Within a year	**3,041**	7,102
In more than a year	**1,277**	7,058
Total deferred income	**4,318**	14,160

12. Share-based payment

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.

The terms and conditions of the share option grants are detailed in the Group annual financial statements for the year ended 31 December 2018.

	Year ended 31 December 2018	Year ended 31 December 2017
	$'000	$'000
Total equity-settled share-based payment charge	**5,857**	2,201

a Summary of share options outstanding

Number of share options outstanding:	**2018 Number of options**	2017 Number of options
Outstanding at 1 January	**4,901,699**	4,318,899
Granted during the year	**1,649,257**	2,020,514
Forfeited during the year	**(269,824)**	(572,483)
Exercised during the year	**(1,619,062)**	(865,231)
Outstanding at 31 December	**4,662,070**	4,901,699
Exercisable at 31 December	**1,823,334**	2,073,904
Vested at the end of the year	**1,823,334**	2,073,904

13. Contingent liabilities

The Group had no contingent liabilities at 31 December 2018 (31 December 2017: None).

14. Subsequent events

On 14 February 2019 the Group announced the subscription of 2,489,499 new ordinary shares of ten 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 $17.5 million. This represents 5.85% of the entire existing share capital of WANdisco and the subscription shares will be issued under the Company's existing authorities. The proceeds will be used to support our relationships with strategic cloud partners and provide growth working capital.