6 September 2022

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

Interim unaudited results for the six months ended 30 June 2022

Revenues increased 74%
Record bookings of $27.3m
Strong balance sheet with $32.7m in net cash
Robust pipeline underpins confidence in a strong 2022

WANdisco (LSE: WAND), the data activation platform, announces unaudited interim results for the six months ended 30 June 2022.

Financial headlines

- Revenue for the period up 74% to $5.8 million (H1 2021: $3.4 million)
- Record bookings of $27.3 million (H1 2021: $2.1 million)
- RPO of $31m (H1 2021: $3.5 million)
- Cash overheads[1] of $19.8 million (H1 2021: $20.1 million)
- Adjusted EBITDA[2] loss narrowed to $11.7 million (H1 2021: $14.2 million)
- Statutory loss from operations significantly reduced to $5.0 million (H1 2021: $20.3 million)
- Cash at 30 June 2022 of $32.7 million (31 December 2021: $27.8 million)
- Remain debt-free as at 30 June 2022 (31 December 2021: $nil)
- Raised gross proceeds of $19.8 million through a share placing and subscription in June 2022

Strategic and operational highlights

- Significant Live Data Migrator ("LDM") wins in the Internet of Things ("IoT") space:
    - $14.3m in contracts signed with a major telecom provider to support its smart meter operations
    - $5.0m contract signed with major automotive component supplier for sensor analytics
- Large LDM wins for Hadoop migration-to-cloud use cases:
    - $1.1m contract with a Canadian financial institution to migrate Hadoop workloads to Google Cloud
    - $0.7m contract with a top 10 global retailer to migrate Hadoop data to a new cloud storage platform
- Evolved to a default "Commit to Consume" contract structure, where a customer is obligated to move a minimum amount of data over a given time:
    - Brings WANdisco in line with cloud platform model, aligning to the models of industry leaders such as Databricks and Snowflake
    - Benefits customers through the flexibility expected from cloud-based solutions
    - Benefits WANdisco with a stream of committed revenues that have the potential to increase as customers' data needs expand

Outlook

Looking ahead, the Company is in line with market expectations for full year 2022 and remains well placed to capture significant market opportunities in IoT-driven deals, as well as drive expansion into new verticals in the coming year. The high visibility and robustness of WANdisco's near term business pipeline underpins our confidence in our ability to continue strong trading throughout the remainder of the year.

David Richards, CEO and Chairman of WANdisco, commented:

"Following the general availability of our LDM and LDMA products, the first half of this year has been a transformational period. The enhanced trust and comfort potential customers now feel they can have in our

capabilities has unlocked all manner of use case experimentations and – as our financial metrics show – meaningful commercial commitments. Our Commit to Consume revenue model, introduced twelve months ago, is also playing a key role in bringing new customers on board as well as making it easy for existing customers to plug in new opportunities to harness our technology inside their businesses.

In the period we saw the results of our restructuring efforts begun in Q4FY21, with significant increases in bookings, RPO and a 74% increase in revenue, against a reduced cost base, yielding a reduction in our EBITDA loss of $2.5 million.

Looking ahead, the key tasks for us are to remain focused on converting our robust pipeline of opportunities, whilst continuing to improve our operating leverage from our commit to consume sales model. Many of these opportunities are being driven by the explosion in IoT use cases, and we remain confident in our ability to deliver continued strong trading through 2022 and beyond."

1 *Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 4 to the condensed consolidated interim financial statements for a reconciliation.*
2 *Operating loss adjusted for: impairment loss, depreciation, amortisation and equity-settled share-based payment. See Note 4 to the condensed consolidated interim financial statements for a reconciliation.*

Footnotes

- *Bookings is defined as new contracts signed in the period.*
- *Ending RPO is defined as Beginning RPO plus Bookings minus Recognised Revenue.*
- *LDM, the Company's cloud agnostic solution for moving large amounts of data at scale, is rapidly becoming a standard part of IoT infrastructure. The Company believes the market opportunity created by IoT deployments will be a significant commercial driver moving forward.*
- *LDMA, is WANdisco's native Azure service that enables users to migrate petabyte-scale Hadoop data and Hive metadata to the Azure cloud with zero application downtime and zero risk of data loss even while the source data is under active change.*

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Note: This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation (No 596/2014). The person responsible for this announcement is Erik Miller, CFO.

About WANdisco

WANdisco is the data activation platform for accelerating digital transformation at scale. WANdisco makes infinite data actionable across clouds and enterprises in real time. WANdisco customers unleash the business value of the cloud with zero downtime, data loss, or disruption to fuel AI and machine learning, create new services, and transform businesses. For more information about WANdisco, visit www.wandisco.com.

BUSINESS REVIEW

In H1 FY22, the General Availability of LDM and LDMA were essential to the acceleration of WANdisco's commercial momentum. Whilst the Group has seen the adoption of the product in several verticals, commercial momentum with Internet of Things ("IoT") service providers has been particularly encouraging. The Group has secured significant new and expansion contracts to migrate data from on-premise edge platforms to the cloud. The Company believes the market opportunity created by IoT deployments will be a significant commercial driver moving forward.

A key customer selling point is LDM's ability to provide customers with the ability to move data to any cloud provider, enabling ultimate ownership of data. This factor, along with the Company's ability to migrate data at scale without requiring any system downtime and its capacity to automatically migrate data changes as they occur – ensuring data consistency – were key factors in securing these IoT contracts.

In H2 2021, we restructured our sales team, the results of which can be seen in the period under review; bookings growth accelerated strongly, supported by a stronger pipeline which has been complemented by improved execution in H1 2022 and given us good visibility over the remainder of the year. We have added resources to our sales team and promoted existing employees into leadership roles with the goal of making the sales process more transparent, efficient and predictable. We believe the team is now focused and able to originate and close the strategic wins key to the growth of the Group.

The Group made steady progress in its transition to a cloud-centric, consumption-based model, resulting in more predictable revenues (unbilled backlog, or RPO), reduced discounting (metered pricing) and increased upsell opportunities. The cloud platform model of the "Commit to Consume" contract structure, where a customer is obligated to move a minimum amount of data over a given time, is now the standard for WANdisco. This helped drive strong bookings and RPO growth in H1 2022 as WANdisco benefitted from a stream of future committed revenues that have the potential to increase as customers' data needs expand.

Specifically, several IoT deals secured during H1 2022 have the potential for expanded use cases and additional Commit to Consume revenues for WANdisco. This has been illustrated during H1 2022; having signed two contracts previously totalling $2.7 million in March 2022 with a top ten global telco, the Company announced a record follow-on deal with that same customer worth $11.6 million in June 2022. This follow-on deal was driven by an increase in data capacity and the geographic expansion of one of the customer's underlying smart meter operators.

The Group continues to see the growing need for data consistency and data availability across the world, and WANdisco's ability to facilitate cloud migration at scale without business interruption is becoming a key factor for organisations and their System Integrator partners as they accelerate their journeys to the cloud.

COVID-19 update

The global nature of the COVID-19 virus has resulted in macroeconomic uncertainty, which appears to have receded in the geographies we operate in. We are constantly monitoring the impact that COVID-19 may have in current and future periods but historically we have experienced minimal effects on our customer base and order flow, and are well positioned to operate should any COVID-19 restrictions return.

Conflict in Ukraine and Russia

As an organisation, we remain shocked and saddened by the humanitarian crisis in Ukraine and are constantly monitoring the situation – in addition to finding ways to offer our own assistance to those in need. We hope that the conflict can be resolved as soon and humanely as possible.

Regarding our own operations, we continue to take advice on the situation and its business effects. Historically, our Russia customer base has not been significant in scale, relative to our overall operations. We have kept appraised of the latest sanctions, and upon the advice of legal counsel have recently announced internally that we cannot provide any of our products or services in Russia, nor can we continue to provide products or services to current Russian customers.

KPIs to map shift to consumption-based revenue model

Group revenues have historically been characterised by subscription contracts in which the licence component of revenues is recognised upfront. As paying for consumption is the primary way cloud services are bought, WANdisco has begun a shift to a consumption-based model which is now complete and our default sales model to customers. We believe that a consumption model is the true Software as a Service ("SaaS") model, with customers expecting to purchase on a consumption basis within the cloud ecosystem through Commit to Consume contracts and metered billing.

A consumption-based model provides greater agility and the ability to scale as required and provides valuable data to evolve our product and offering. Data on how customers are using the product drives interaction with customer success much of which is automated.

This shift to a consumption model, where revenue is recognised over time rather than upfront, will lead to revenues scaling over the year, with revenue recognised further into the sales cycle.

As our business continues to evolve, the metrics we use to measure our success also need to change. To aid in mapping pipeline progress against this changing revenue model, we are now providing quarterly business updates providing new KPIs including:

- Current and YTD Bookings
- Period ending RPO ("Remaining Performance Obligations")

The objective of these KPIs is to provide an indication of business closed in the period and YTD, and RPO as a measure of the future revenues to flow through as our customers consume data.

FINANCIAL REVIEW

Revenue for the period ended 30 June 2022 was $5.8 million (H1 2021: $3.4 million).

Deferred revenue from sales booked during the first half of 2022 and in previous years, and not yet recognised as revenue, is $11.2 million at 30 June 2022 (H1 2021: $2.7 million). Our deferred revenue represents future revenue from new and renewed contracts, many of them spanning multiple years.

Adjusted EBITDA loss[2] was $11.7 million (H1 2021: $14.2 million), due primarily to increased revenues, and cost reduction efforts undertaken whilst continuing to make the strategic investments to strengthen our go-to-market and engineering resources to drive future growth.

Revenue

Revenue was $5.8 million (H1 2021: $3.4 million). The business continues to achieve a significant proportion of contracted revenue through direct sales. In most cases, these direct sales are only achievable through the close partnerships held with major cloud vendors. The Group expects over time to increase the contribution of partner channel sales to direct sales, as the partnerships with cloud vendors and ISV begin to bear fruit.

As we continue to transition to a recurring revenue model, the variability in near term revenue decreases as the one-off perpetual licenses decrease in volume and size, being replaced by smaller but more repeatable revenue streams with greater forward visibility.

The Group expects in the near term to increase reported revenues as customers begin to move the data they contracted for, represented by RPO, generating billings as consumption occurs.

Operating costs

Cash overheads[1] decreased modestly in the period as our restructuring efforts have optimised our cost base, falling to $19.8 million (H1 2021: $20.1 million).

Product development expenditure capitalised in the period was $2.8 million (H1 2021: $2.9 million). All of this expenditure was associated with new product features and was capitalised.

Our headcount was 164 as at 30 June 2022 (31 December 2021: 159, 30 June 2021: 187). Modest headcount increases in the period from December 2021 were principally in Sales and Marketing and Engineering as we added capacity to develop new products and service our partner channel. Year over year saw a significant decrease in headcount as we restructured our sales and go-to-market functions to be more efficient whilst improving pipeline visibility. Going forward, we will continue to make targeted investments in go-to-market functions and engineering, but the efficiency of our sales model will allow these projected costs to rise significantly slower that the projected increases in revenue.

Profit and loss

Adjusted EBITDA[2] loss for the period was $11.7 million (H1 2021: $14.2 million). This is as a result of revenues increasing by approximately $2.4 million over the same period last year.

The loss after tax for the period reduced to $5.0 million (H1 2021: $20.3 million), principally as a result of a finance gain of $10.2 million (H1 2021: $1.4 million loss) reported within finance income/costs, increased revenue and reduced equity share-based payment expense.

The finance gain arose from the retranslation of intercompany balances at 30 June 2022, reflecting the decrease in sterling against the US dollar. The impact of FX rates changes on the financial statements should be restricted to the retranslation of US dollar denominated intercompany loans, as opposed to the operating activities of the business. A translation (loss)/gain on the net assets of overseas subsidiaries reported in reserves results in a minimal impact on the Group net assets.

Balance sheet and cash flow

Trade and other receivables at 30 June 2022 were $16.2 million (31 December 2021: $5.7 million). This includes $12.5 million of trade receivables (31 December 2021: $1.2 million) and $3.7 million related to non-trade receivables (31 December 2021: $4.5 million). The significant increase in trade receivables reflects favourable business terms on contracts signed in the period, and the acceleration of sales bookings compared to the prior year.

Net consumption of cash was $13.8 million before financing (H1 2021: $14.4 million), resulting in a closing cash balance of $32.7 million at 30 June 2022. The consumption of cash was reduced slightly from the prior period due to an increase in revenues and a modest decrease in cash overheads. For the full year, cash consumption will be a function of the level of revenues achieved and collection of customer receivables in the period.

On 15 June 2022 the Group announced the subscription and placing of 5,857,862 new ordinary shares of 10 pence each in the Company by existing shareholders at a price of 270 pence (a premium of 5.5% on the closing share price on 14 June 2022) raising gross proceeds of $19.8 million. The proceeds are being used to support our relationships with strategic partners and provide growth working capital.

Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2022

	Note	**Six months ended 30 June 2022 (Unaudited) $'000**	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Revenue	3	**5,823**	**3,354**	7,306
Cost of sales		**(451)**	**(305)**	(659)
Gross profit		**5,372**	**3,049**	6,647
Operating expenses	4	**(20,564)**	**(21,936)**	(44,350)
Impairment loss		**-**	**-**	(2,131)
Operating loss	4	**(15,192)**	**(18,887)**	(39,834)
Finance income	5	**10,267**	**28**	1,175
Finance costs	5	**(62)**	**(1,443)**	(172)
Net finance income/(costs)	5	**10,205**	**(1,415)**	1,003
Loss before tax		**(4,987)**	**(20,302)**	(38,831)
Income tax		**6**	**(15)**	1,236
Loss for the period		**(4,981)**	**(20,317)**	(37,595)
Other comprehensive (loss)/income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations – foreign currency translation differences		**(10,363)**	1,695	(1,041)
Other comprehensive (loss)/income for the period, net of tax		**(10,363)**	1,695	(1,041)
Total comprehensive loss for the period attributable to owners of the parent		**(15,344)**	(18,622)	(38,636)
Loss per share				
Basic and diluted loss per share	6	**($0.08)**	($0.36)	($0.65)

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

Consolidated statement of financial position

At 30 June 2022

	Note	30 June 2022 (Unaudited) $'000	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
Assets				
Property, plant and equipment		**1,706**	2,759	2,244
Intangible assets		**5,252**	5,246	5,252
Other non-current assets	7	**1,727**	1,131	1,201
Non-current assets		**8,685**	9,136	8,697
Trade and other receivables	8	**16,167**	6,038	5,731
Cash and cash equivalents		**32,745**	47,695	27,759
Current assets		**48,912**	53,733	33,490
Total assets		**57,597**	62,869	42,187
Equity				
Share capital		**9,365**	8,593	8,608
Share premium		**232,572**	213,741	213,762
Translation reserve		**(13,115)**	(16)	(2,752)
Merger reserve		**1,247**	1,247	1,247
Retained earnings		**(191,107)**	(169,633)	(186,442)
Total equity		**38,962**	53,932	34,423
Liabilities				
Loans and borrowings	9	**884**	1,580	1,230
Deferred income	10	**5,968**	451	334
Deferred tax liabilities		**3**	4	4
Non-current liabilities		**6,855**	2,035	1,568
Current tax liabilities		**11**	5	29
Loans and borrowings	9	**564**	508	586
Trade and other payables		**5,949**	4,144	4,156
Deferred income	10	**5,256**	2,245	1,425
Current liabilities		**11,780**	6,902	6,196
Total liabilities		**18,635**	8,937	7,764
Total equity and liabilities		**57,597**	62,869	42,187

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

Consolidated statement of changes in equity

For the six months ended 30 June 2022

	Attributable to owners of the Company					
Six months ended 30 June 2022 (Unaudited)	Share capital $'000	Share premium $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2022	**8,608**	**213,762**	**(2,752)**	**1,247**	**(186,442)**	**34,423**
Total comprehensive loss for the period						
Loss for the period	**-**	**-**	**-**	**-**	**(4,981)**	**(4,981)**
Other comprehensive loss for the period	**-**	**-**	**(10,363)**	**-**	**-**	**(10,363)**
Total comprehensive loss for the period	**-**	**-**	**(10,363)**	**-**	**(4,981)**	**(15,344)**
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment[11]	**-**	**-**	**-**	**-**	**316**	**316**
Share options exercised	**29**	**3**				**32**
Proceeds from share placing	**728**	**18,807**	**-**	**-**	**-**	**19,535**
Total transactions with owners of the Company	**757**	**18,810**	**-**	**-**	**316**	**19,883**
Balance at 30 June 2022	**9,365**	**232,572**	**(13,115)**	**1,247**	**(191,107)**	**38,962**

Six months ended 30 June 2021 (Unaudited)						
Balance at 1 January 2021	**7,641**	**172,868**	**(1,711)**	**1,247**	**(150,851)**	**29,194**
Total comprehensive (loss)/income for the period						
Loss for the period	**-**	**-**	**-**	**-**	**(20,317)**	**(20,317)**
Other comprehensive income for the period	**-**	**-**	**1,695**	**-**	**-**	**1,695**
Total comprehensive (loss)/income for the period	**-**	**-**	**1,695**	**-**	**(20,317)**	**(18,622)**
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	**-**	**-**	**-**	**-**	**1,535**	**1,535**
Proceeds from share placing	**952**	**40,873**	**-**	**-**	**-**	**41,825**
Total transactions with owners of the Company	**952**	**40,873**	**-**	**-**	**1,535**	**43,360**
Balance at 30 June 2021	**8,593**	**213,741**	**(16)**	**1,247**	**(169,633)**	**53,932**

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

Consolidated statement of cash flows

For the six months ended 30 June 2022

	Note	**Six months ended 30 June 2022 (Unaudited) $'000**	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Cash flows from operating activities				
Loss for the period		**(4,981)**	(20,317)	(37,595)
Adjustments for:				
- Depreciation of property, plant and equipment		**456**	536	1,077
- Amortisation of intangible assets		**2,750**	2,634	5,115
- Net finance (income)/costs		**(8)**	65	116
- Income tax		**(6)**	15	(1,236)
- Foreign exchange		**(9,921)**	1,137	(992)
- Equity-settled share-based payment	11	**316**	1,535	2,004
		(11,394)	(14,395)	(31,511)
Changes in:				
- Trade and other receivables		**(12,302)**	4,707	5,728
- Trade and other payables		**2,000**	(1,266)	(1,280)
- Deferred income		**9,469**	(1,050)	(1,994)
Net working capital change		**(833)**	2,391	2,454
Cash used in operating activities		**(12,227)**	(12,004)	(29,057)
Interest paid		**(62)**	(91)	(170)
Income tax received		**1,354**	956	998
Net cash used in operating activities		**(10,935)**	(11,139)	(28,229)
Cash flows from investing activities				
Interest received		**1**	1	5
Acquisition of property, plant and equipment		**(72)**	(362)	(427)
Development expenditure		**(2,750)**	(2,853)	(5,340)
Net cash used in investing activities		**(2,821)**	(3,214)	(5,762)
Cash flows from financing activities				
Proceeds from issue of share capital net of issue costs		**19,567**	41,825	41,861
Repayment of bank loan		**-**	(556)	(556)
Payment of lease liabilities		**(364)**	(288)	(517)
Net cash from financing activities		**19,203**	40,981	40,788
Net increase in cash and cash equivalents		**5,447**	26,628	6,797
Cash and cash equivalents at 1 January		**27,759**	21,039	21,039
Effect of movements in exchange rates on cash and cash equivalents		**(461)**	28	(77)
Cash and cash equivalents at the end of the period		**32,745**	47,695	27,759

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

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2022

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 interim financial statements ("Interim financial statements") as at and for the six months ended 30 June 2022 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

These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's board of directors on 5 September 2022.

b Going concern

These interim financial statements have been prepared on a going concern basis.

As at 30 June 2022 the Group had net assets of $39.0m (31 December 2021: $34.4m), including cash of $32.7m (31 December 2021: $27.8m) as set out in the interim consolidated statement of financial position. In the six months ended 30 June 2022, the Group incurred a loss before tax of $5.0m (H1 2021: $20.3m) and net cash outflows before financing of $13.8m (H1 2021: $14.4m).

Revenue for H1 2022 was $5.8m (H1 2021: $3.4m), with an operating loss of $15.2m (H1 2021: $18.9m), mainly due to increased revenue and reduced operating expenses.

The Directors have prepared a detailed budget and forecast of the Group's expected performance over a period covering at least the next twelve months from the date of the approval of these unaudited interim 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 revenue, the Board's sensitivity modelling (which considered the impact of Brexit, COVID-19, recession risks and the conflict in Ukraine) shows that the Group can remain within its facilities in the event that revenue growth is delayed (i.e. revenues do not increase from the level reported in 2021) 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 revenues were set to remain consistent with the level reported in 2021. On the basis of this financial and operational modelling, the Directors believe that the Group has the capability and the operational agility to react quickly, cut further costs from the business and ensure that the cost base of the business is aligned with its revenue and funding scale.

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

c Functional and presentational currency

The interim consolidated financial statements are presented in US dollars, as the revenue for the Group is predominately derived in this currency. Billings to the Group's customers during the period 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 and aligns with our KPIs. Adjusted results exclude certain items because if included, these items could distort the understanding of our performance for the period and the comparability between periods. The Group has been using the following APMs on a consistent basis and they are defined and reconciled as follows:

2. Basis of preparation (continued)

d Alternative performance measures (continued)

- Cash overheads: Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 4 for a reconciliation.
- Adjusted EBITDA: Operating loss adjusted for: impairment loss, depreciation, amortisation and equity-settled share-based payment. See Note 4 for a reconciliation.

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 expenses. 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.

3. 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	**Six months ended 30 June 2022 (Unaudited) $'000**	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
North America - USA	**2,056**	2,133	4,992
North America - Other	**853**	21	32
Europe	**1,201**	647	1,218
Rest of the world – China	**1,683**	350	643
Rest of the world - Other	**30**	203	421
	5,823	3,354	7,306

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

d Major customers

	Six months ended 30 June 2022 (Unaudited) % of revenue	**Six months ended 30 June 2022 (Unaudited) Revenue $'000**	Six months ended 30 June 2021 (Unaudited) % of revenue	Six months ended 30 June 2021 (Unaudited) Revenue $'000	Year ended 31 December 2021 (Audited) % of revenue	Year ended 31 December 2021 (Audited) Revenue $'000
Customer 1	**15%**	**881**	5%	166	4%	266
Customer 2	**14%**	**842**	-	-	-	-
Customer 3	**11%**	**667**	-	15	1%	102
Customer 4	**2%**	**132**	6%	189	22%	1,572

No other single customers contributed 10% or more to the Group's revenue (2021: $nil).

3. Revenue and segmental analysis (continued)

e Split of revenue by timing of revenue recognition

Revenue	**Six months ended 30 June 2022 (Unaudited) $'000**	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Licences and services transferred at a point in time	**4,726**	1,905	4,666
Maintenance and support services transferred over time	**1,097**	1,449	2,640
	5,823	3,354	7,306

f Contract balances

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

	Six months ended 30 June 2022 (Unaudited) $'000	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Receivables, which are included in "Other non-current assets - accrued income"	**818**	1,072	1,161
Receivables, which are included in "Trade and other receivables – accrued income"	**762**	2,213	1,059
Contract liabilities, which are included in "Deferred income - non-current"	**(5,968)**	(451)	(334)
Contract liabilities, which are included in "Deferred income – current "	**(5,256)**	(2,245)	(1,425)

4. Cash overheads and Adjusted EBITDA

a Reconciliation of operating expenses to "Cash overheads":	Note	**Six months ended 30 June 2022 (Unaudited) $'000**	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Operating expenses		**(20,564)**	(21,936)	(44,350)
Adjusted for:				
Amortisation and depreciation		**3,206**	3,170	6,192
Equity-settled share-based payment	11	**316**	1,535	2,004
Development expenditure capitalised		**(2,750)**	(2,853)	(5,340)
Cash overheads		**(19,792)**	(20,084)	(41,494)

b Reconciliation of operating loss to "Adjusted EBITDA":	Note	**Six months ended 30 June 2022 (Unaudited) $'000**	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Operating loss		**(15,192)**	(18,887)	(39,834)
Adjusted for:				
Impairment loss		**-**	-	2,131
Amortisation and depreciation		**3,206**	3,170	6,192
Equity-settled share-based payment	11	**316**	1,535	2,004
Adjusted EBITDA		**(11,670)**	(14,182)	(29,507)
Development expenditure capitalised		**(2,750)**	(2,853)	(5,340)
Adjusted EBITDA including development expenditure		**(14,420)**	(17,035)	(34,847)

5. Net finance income/(costs)

	Six months ended 30 June 2022 (Unaudited) $'000	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Interest income on cash and cash equivalents	**1**	1	5
Interest income on non-current assets	**69**	27	51
Net foreign exchange gain	**10,197**	-	1,119
Finance income	**10,267**	28	1,175
Net foreign exchange loss	**-**	(1,350)	-
Interest payable on bank borrowings	**-**	(3)	(3)
Finance charges	**(2)**	(1)	(7)
Leases (interest portion)	**(60)**	(87)	(160)
Loan amortisation costs	**-**	(2)	(2)
Finance costs	**(62)**	(1,443)	(172)
Net finance income/(costs)	**10,205**	(1,415)	1,003

The net foreign exchange gain (2021: gain, H1 2021: loss) arose on sterling-denominated intercompany balances. These balances were retranslated at the closing exchange rate at 30 June 2022 , which was 1.215, a 10% reduction compared to the rate of 1.35 at 31 December 2021. The gain on intercompany balances in the Consolidated statement of profit or loss is offset by an equivalent exchange loss (2021: loss, H1 2021: 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. 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:

	Six months ended 30 June 2022 (Unaudited) $'000	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Loss for the period attributable to ordinary shareholders	**4,981**	20,317	37,595
Weighted average number of ordinary shares	**Number of shares '000s**	Number of shares '000s	Number of shares '000s
Issued ordinary shares at 1 January	**59,612**	52,613	52,613
Effect of shares issued in the period	**658**	3,849	5,186
Weighted average number of ordinary shares during the period	**60,270**	56,462	57,799
Basic loss per share	**$0.08**	$0.36	$0.65

6. Loss per share (continued)

b Adjusted loss per share

Adjusted loss per share is calculated based on the loss attributable to ordinary shareholders before net foreign exchange gain/(loss), 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 period:	Note	**Six months ended 30 June 2022 (Unaudited) $'000**	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Loss for the period attributable to ordinary shareholders		**4,981**	20,317	37,595
Adjusted for:				
Impairment loss		**-**	-	(2,131)
Net foreign exchange gain/(loss)		**10,197**	(1,350)	1,119
Equity-settled share-based payment	11	**(316)**	(1,535)	(2,004)
Adjusted loss for the period		**14,862**	17,432	34,579
Adjusted loss per share		**$0.25**	$0.31	$0.60

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.

7. Other non-current assets

Due in more than a year:	**30 June 2022 (Unaudited) $'000**	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
Other receivables	**909**	59	40
Accrued income	**818**	1,072	1,161
Total other non-current assets	**1,727**	1,131	1,201

8. Trade and other receivables

Due within a year:	30 June 2022 (Unaudited) $'000	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
Trade receivables	**12,456**	1,086	1,182
Other receivables	**839**	371	278
Accrued income	**762**	2,213	1,059
Corporation tax	**1,166**	1,299	2,532
Prepayments	**944**	1,069	680
Total trade and other receivables	**16,167**	6,038	5,731

9. Loans and borrowings

	30 June 2022 (Unaudited) $'000	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
Non-current lease liabilities	**884**	1,580	1,230
Current lease liabilities	**564**	508	586
Total loans and borrowings	**1,448**	2,088	1,816

10. Deferred income

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

Deferred income which falls due:	30 June 2022 (Unaudited) $'000	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
Within a year	**5,256**	2,245	1,425
In more than a year	**5,968**	451	334
Total deferred income	**11,224**	2,696	1,759

11. 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 2021.

a Expense recognised in profit or loss

	Six months ended 30 June 2022 (Unaudited) $'000	Six months ended 30 June 2021 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Total equity-settled share-based payment charge	**316**	1,535	2,004

b Summary of share options outstanding

Number of share options outstanding:	**Six months ended 30 June 2022 (Unaudited) Number**	Six months ended 30 June 2021 (Unaudited) Number	Year ended 31 December 2021 (Audited) Number
Outstanding at the start of the period	**3,834,400**	4,271,684	4,271,684
Granted	**-**	-	-
Forfeited	**(100,711)**	(116,232)	(323,599)
Exercised	**(365,058)**	-	(113,685)
Outstanding at the end of the period	**3,368,631**	4,155,452	3,834,400
Exercisable at the end of the period	**3,299,367**	3,370,593	3,165,769
Vested at the end of the period	**3,299,367**	3,370,593	3,165,769

12. Contingent liabilities

The Group had no contingent liabilities at 30 June 2022 (30 June 2021: None, 31 December 2021: None).

13. Subsequent events

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