29 June 2023

WANdisco plc

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

Preliminary unaudited results for the year ended 31 December 2022

WANdisco (LSE: WAND), the data activation platform, announces its preliminary unaudited results for the year ended 31 December 2022.

Financial headlines

- Revenue for the year of $9.7 million (2021: $7.3 million)
- Cash overheads[1] of $39.3 million (2021: $41.5 million)
- Adjusted EBITDA[2] loss of $30.3 million (2021: $29.5 million)
- Statutory loss from operations of $28.2 million (2021: $37.6 million)
- Cash at 31 December 2022 of $19.1 million (2021: $27.8 million)

Stephen Kelly, Interim Chief Executive Officer of WANdisco, commented:

"Joining the Group after the conclusion of 2022 means there is little that I can say about 2022 itself. I am a shareholder in WANdisco so I share many of the same sentiments, surprise and disappointments as other shareholders. What I can say is that 2022 in many respects turned out to be a wasted year. Having got off to a bad start, FY23 will be different. I am determined that it will serve as a real transition year towards a sustainable, growth-focused future for our business.

We are building the platform for growth from FY24 and the classic ingredients for success are now in place. We have an attractive market and a good competitive position but need greater discipline and focus to capitalise on it. The early results of our turnaround plan show we can bring this focus to bear. Together, the new leadership team will provide the framework to drive value creation for all our stakeholders so that our partners, customers and colleagues share in the success of the new WANdisco as we drive growth in the economic value of the business and growth in the value for our shareholders."

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

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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.

Introduction and background
The preliminary unaudited results cover the financial year ended 31 December 2022 ("FY22"). The audited accounts have been delayed following the discovery of the events outlined in the RNS announcements summarised below, which set out the background that is relevant for shareholders to review since the end of FY22. The Company expects to publish audited accounts shortly following the announcement of the completion of the Fundraising (see below).

On 9 March 2023, the Company released two RNS announcements collectively stating that:
- The Board had become aware of significant, sophisticated and potentially fraudulent irregularities which related to received purchase orders and related revenue and bookings, as represented by one senior sales employee (the "Irregularities").
- As a result of the identification of the Irregularities, the Company had no confidence in its announced FY22 bookings expectations.
- The Company would conduct an investigation with external legal and professional advisers into the Irregularities and its true financial position.
- Following a request from the Company, AIM had suspended trading in the Company's shares.

On 10 March 2023, the Company released an RNS announcement stating that:
- It had appointed FRP Advisory to lead an independent investigation into the Irregularities (the "Independent Investigation").
- The Company had formed an investigation committee comprising independent non-executive directors to support and facilitate the investigation process.

On 3 April 2023 and 28 April 2023, the Company released RNS announcements collectively stating that the conclusions of the Independent Investigation concluded that:
- All of the purchase orders associated with one senior sales employee were illegitimate.
- All other purchase orders (i.e. those not associated with or secured by the senior sales employee in question) were legitimate.
- Accordingly, estimated revenue for FY22 referenced in the Trading Update dated 11 January 2023 should have been $9.7 million (unaudited) as compared with not less than $24m (unaudited) and estimated bookings should have been $11.4m (unaudited) compared with $127m (unaudited).
- An update on key initiatives following FRP Advisory's continuing work to examine relevant processes and controls and other steps being taken to improve the Company's internal processes would be provided in the Annual Report and Accounts for FY22.

On 20 April 2023, the Company released an RNS announcement stating that it had been notified by the Financial Conduct Authority (the "FCA") of its commencement of an investigation into the Company (the "FCA Investigation"). The FCA Investigation relates to certain regulatory announcements released by the Company during the period 1 May 2021 to 9 March 2023, which may have materially mis-stated the Company's financial position.

On 15 May 2023, the Company released an RNS announcement stating that:
- Having reviewed various options, the Board believed that the most appropriate strategy was to launch an equity fundraise towards the end of June 2023 of $30 million (the "Fundraising").
- The Company had commenced a deep transformation recovery program.

On 6 June 2023, the Company released an RNS announcement stating that:
- Earlier that day at a general meeting of the Company, shareholders had authorised the Company to allot new ordinary shares in order to support the Fundraising with 97.8% of votes cast in favour of both resolutions.

CHAIR'S STATEMENT

Path to refinancing

I was formally appointed to the role of Director and Executive Chair on 5 April 2023 having joined the Group as a consultant on 19 March 2023 and taken up the role as Interim Chair on 3 April 2023 after David Richards, founder and former Chair, Chief Executive and President of WANdisco stepped down from the Board.

I was originally approached to take on the role following the announcement on 9 March 2023 of the share suspension following the discovery of the Irregularities. It had rightly been decided at that time for good governance reasons to separate the positions of Chair and Chief Executive, as David Richards previously held both roles. It was also decided at that time to appoint FRP Advisory to undertake an Independent Investigation. I was asked to assume the role of Chair of the Investigations Committee.

After David Richards and Erik Miller (Chief Financial Officer) stepped down from the Board on 3 April 2023 I assumed the role of Executive Chair. I appointed ex-Blue Prism plc Chief Financial Officer, Ijoma Maluza as Interim Chief Financial Officer who joined the Group on 11 April 2023. I also commenced a search for a new Chief Executive Officer and was able to secure the services of Stephen Kelly (currently on an interim basis), a very experienced executive with an exemplary track record in senior executive leadership roles with a number of significant technology companies, including Sage plc and Microfocus plc, who joined the Group on 10 May 2023. I resumed my position as Interim Non-Executive Chair on the same day.

During my period as Executive Chair I focused my time on recruiting the new interim Chief Executive Officer, the investigation of the Irregularities, substantially reducing the cost base of the business through a headcount realignment exercise, progressing the refinancing of the Group to ensure it continued as a going concern, undertaking a review of governance in the business and progressing the audit of the accounts for the Group for the year ended 31 December 2022.

With the challenges resulting from the Irregularities, the audited accounts of the Group have been delayed, without the challenges resulting from the Irregularities, the Company would have expected to publish its accounts in the middle of March 2023. The Board apologises for the delay in finalising the accounts.

On 15 May 2023 the Board issued an RNS announcement in which it provided a number of data points. Firstly, as of the end of April 2023 the Group had available to it $8.1m of cash. Secondly, the run rate annualised costs had been reduced from $41m to circa $25m. Thirdly, cash reserves of the Group would expire during July 2023. Finally, it was noted that, to achieve the lifting of the suspension of the shares, the Group would need to raise $30m (gross) of new finance. A circular to shareholders was subsequently issued to convene a general meeting to provide the authority to the Directors to issue additional ordinary shares to secure the necessary funding. The general meeting of shareholders was held on 6 June 2023 and provided the required authority to the Directors. We are planning to run an Accelerated Bookbuild process to raise funding for the Company in the coming days. The Board, acting on the basis of advice received from its advisors, is confident of raising the $30m (gross) of new finance and have therefore prepared the unaudited preliminary results for the year to 31 December 2022 on a going concern basis.

At the time of the suspension of the shares on AIM, the price of the ordinary shares was £13.10p. Through the soft pre-emption process those existing holders who are able to follow their money will not suffer any dilution as a result of the issuance of new ordinary shares as part of the fundraise. Those unable to follow their money will see a substantial reduction in the share price.

The Irregularities and associated investigations

As summarised in the Introduction and background section of this preliminary results announcement, there have been various RNS announcements about the Independent Investigation and FCA Investigation. The Company has accepted the findings in the Independent Investigation and is committed to learning the appropriate lessons from the process. The Company also continues to co-operate with the FCA Investigation.

Board Composition

The appointment of Stephen Kelly as Interim Chief Executive Officer and Ijoma Maluza as Interim Chief Financial Officer has provided the Group with a world class leadership team. Pending the raising of $30 million via equity, and the lifting of the share suspension, both Stephen and Ijoma have agreed to take on these roles on a permanent basis. Stephen and Ijoma will join the Board as Executive Directors once their roles are made permanent.

In 2022 Bob Corey stepped down from the Board and as Chair of the Audit Committee after 4 years as a Non-executive Director. The Board thanks Bob for his input and involvement during his time with the Group. Peter Lees was appointed in August 2022 as a Non-executive Director and Senior Independent Director. Peter chairs the

Nomination Committee. On 19 May 2023 Grant Dollens stepped down from the Board after six years on the Board. Grant made a significant contribution during his time on the Board. Both Bob and Grant will be missed for their considered input.

It is the intention to review Board composition to ensure there is an appropriate balance of skills, capabilities and a majority of non-executive directors.

WANdisco colleagues

Our colleagues have had to put up with a lot. The uncertainty created by the Irregularities, the RNS announcement on 9 March 2023 and the headcount realignment has created a lot of anxiety for all. I must thank everyone for their support and hard work during this difficult time.

The future

Since joining the Group, I have devoted too much time looking backwards. As we put the Irregularities and the Independent Investigation behind us I want to be more forward looking so that I can support and challenge the executive management. It is planned that we build on the very attractive market in which the Company finds itself and we build on the leading, differentiated technology which gives us a great competitive advantage. With a great Executive Team in place I feel sure that the Company can prosper from the new, solid foundation established.

Ken Lever
Interim Non-executive Chair

CHIEF EXECUTIVE'S REVIEW

2022 a wasted year

I started in my role as Interim Chief Executive on 10 May 2023 and have agreed to take up the permanent position on the completion of an issue of $30m of equity securities and the lifting of the suspension of the shares. Joining the Group after the conclusion of 2022 means there is little I can say about 2022. I am a shareholder in WANdisco so I share many of the same sentiments, surprise and disappointments as other shareholders. What I can say is that 2022 in many respects turned out to be a wasted year. The Irregularities which came to light in March 2023 shattered the view that the Company had passed an inflexion point and secured significant orders from large corporate companies in some of our chosen market segments. In reality, in 2022 we achieved little growth in sales bookings and revenue as compared to 2021. In addition, we pivoted some functions within the Company towards supporting prospective customers, who failed to materialise. It also meant that as 2022 progressed, we invested in significant costs in preparation for the new order intake only to find that the breakeven point for the business had receded once it was discovered the orders were false. Finally, the belief that the Group had secured significant new orders led to some complacency amongst the sales and business development resources such that there was a failure to develop a significant pipeline believing that the substantial orders that had been placed would provide an opportunity to achieve the required sales growth in an orderly fashion.

Market opportunity and differentiated technology

It is pointless dwelling on the past. We can only learn from the mistakes and strive towards excellence in governance as a platform to build a sustainable, high quality, profitable growth technology company. WANdisco has a history of under-performance when generating sales bookings and revenue despite the strength of its market leading technology. My focus is going forward and establishing a leading market presence building on our strong competitive position in a growing market. I have joined the Group at a difficult and yet exciting time.

The market opportunity for WANdisco is huge. Put very simply, the rapid expansion of data from the growth in digitalisation and greater use of technology has led to a need to transfer large amounts of data between physical locations and from physical locations to the cloud providers. If owners of data are to make the most of artificial intelligence, machine learning and data analytics they will have to meet a significant challenge to transfer high volumes of data reliably at speed. There are many use cases being developed where major corporates in many sectors are looking for a solution to this challenge.

In the short time I have been with the Group I have been asked whether our technology offering is real and why we are not able to sell more effectively, questioning the product market fit, the use cases and the demand for our offering.

Not only is our technology real but it is differentiated. Of course, there are alternative ways of doing what we can do and there are competing technologies. For example, there are open-source offerings to extract, transfer and load data. There are also data ingestion offerings from all the cloud providers; these are unique to the cloud providers. There are custom offerings often promoted by the data integrators. One of these alternatives is optimized to move large dynamic data sets at speed. Often they can be expensive to develop reliably and time consuming to deploy. Our technology is different because it has the capability to seamlessly move large amounts of data, at speed with zero downtime or business disruption. It is cloud-agnostic, offering our customers the choice of multiple cloud providers, for hybrid and multi-cloud environments and live data can be moved even whilst it is changing.

Developing a world class go to market ("GTM") organisation

So why have we failed repeatedly to take advantage of the market opportunity with differentiated technology? The answer is that we have been shown to be severely inadequate as a sales organisation to develop and convert sales opportunities despite the obvious needs of the prospective customers and the obvious growing demand for our offering.

My immediate focus is to develop a sales, partner and business development organisation that can better articulate the use cases and prove value to new and existing customers. We must work more effectively alongside our existing partner relationships with the cloud providers such as AWS, Google, Microsoft, Oracle, the OEM relationship with IBM and the analytics partnerships with Databricks and Snowflake as well as other alliance relationships. Our strategy must be to grow direct sales alongside these partner relationships with a growing emphasis on subscription sales rather than a 'commit to consume' model. We can also do a better job at selling services alongside the software sales. Strong account management will also be used to ensure the demands of our customers can be reliably and effectively met. We must ensure ease of implementation and deployment which we can achieve using the strong technical support that we have in our business.

Priorities
My priorities are to target run-rate cash flow breakeven sometime during the latter half of FY24 followed by EBITDA breakeven and ultimately to move towards profitability. We can achieve this by driving sales growth and by ensuring better cost management. Raising the $30m equity in the business alongside cash flow breakeven will ensure that WANdisco will break the habit of incurring cash flow losses and then returning to shareholders for additional funding and dilution. My most immediate priority during the balance of 2023 is to build a pipeline that can support sales and revenue growth as we move through 2024. We are in the early stage of rebuilding the GTM functions with a number of workstreams identified. We will update investors on progress as we go.

Building on the good start
Ken Lever's involvement with the business for the six weeks prior to me joining the Group set us on the right road. The initial focus had to be on cost reduction through headcount realignment, refinancing, the investigation into the Irregularities and creating a better environment for good governance. I am now going to build on this strong start and ensure we develop a strong performance culture within the Group, focus on responsibility and accountability at all levels in the organisation, establish the most effective business development and GTM strategy and establish world class governance. There is much to do but with the strong Executive Team in place I am confident that we can succeed.

There is no doubt we have an attractive market: significant size, strong growth, limited direct competition and customer demand from the Global 1000.

There is clear evidence that we have a strong product offering and we can demonstrate value to the customer at an economic price point. We must do more on organisational capability: we have the channels to market - we must make better use of them; we have the management and leadership – we must build on this; and, we have the required cost and resource base – we need to do more to ensure its effectiveness.

Profiting from the strategic position
The classic ingredients for success are in place: an attractive market and a good competitive position. To capitalise on it, we need greater discipline and focus. The new leadership in the business will provide the framework to drive value creation for all our stakeholders so that our partners, customers and colleagues share in the success of the new WANdisco as we drive growth in the economic value of the business for our shareholders. Without doubt 2023 will be a transition year on the road to greater prosperity for the Group in 2024 and beyond.

Stephen Kelly
Interim Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

Revenue for the year ended 31 December 2022 was $9.7m (2021: $7.3m).

Deferred revenue from sales booked during 2022 and in previous years, and not yet recognised as revenue, is $2.3m at 31 December 2022, at 31 December 2021 this stood at $1.8m. The increase was due primarily to increased bookings during the year. Our deferred revenue represents future revenue from new and renewed contracts, many of them spanning multiple years.

Adjusted EBITDA loss[2] was $30.3m (2021: $29.5m). 2021 Adjusted EBITDA includes $5.3m of capitalised development expenditure whilst 2022 Adjusted EBITDA has no capitalised development expenditure.

Revenue

Revenue was $9.7m (2021: $7.3m). Revenue from deals closed in the current year was $8.3m (2021: $4.2m) and revenue from deals closed in the prior years was $1.4m (2021: $3.1m). The increase in deals closed in the year was primarily driven by contract renewals in our ALM business which accounted for $5.4m of the deals closed in the current year (2021: $4.0m). For the Data Migration business, deals closed contributed to $4.3m (2021: $3.3m) of revenues. Services revenues for both the ALM and Data Migration business were $0.2m (2021: $0.2m) and continue to contribute a modest amount of revenue. We believe that this is an area that should provide opportunity for incremental contribution to revenues going forward.

From a geographical perspective, we saw increased contributions to revenues from key renewals in Europe and China which accounted for $1.2m and $1.9m, respectively.

Overall, during 2022, contract wins continued to be lumpy with the sales execution challenges outlined in the Chief Executive's review a major challenge for the business and its ability to deliver consistent and predictable sales bookings.

Operating costs

Cash overheads[1] decreased to $39.3m from $41.5m in 2021. The decline was driven by a reduction in employee costs primarily from rationalising headcount in late 2021 before ramping up in the second half of 2022 and lower marketing costs as the business reviewed the efficacy of the marketing investments.

Our headcount was 177 as at 31 December 2022 (31 December 2021: 159).

Profit and loss

Adjusted EBITDA[2] loss for the year was $30.3m (2021: $29.5m). The loss after tax for the year decreased to $28.2m (2021: $37.6m).

The financial gain of $11.3m (2021: $1.1m gain), reported within finance income/(costs), arose from the retranslation of intercompany balances at 31 December 2022, reflecting the decrease in sterling against the US dollar. The impact of FX rate changes on the financial statements is due to the retranslation of US dollar denominated intercompany loans. A translation loss (2021: loss) arising on the net assets of overseas subsidiaries reported in reserves results in a minimal net impact on the Group net assets.

Balance sheet and cash flow

Property, plant and equipment at 31 December 2022 reduced to $1.4m (31 December 2021: $2.2m) as additions were significantly lower than the depreciation charge driven by right of use assets.

Intangible assets reduced from $5.3m at 31 December 2021 to $nil as there was no capitalisation of development costs in 2022 as it did not meet the criteria for capitalisation under IAS 38 and the remaining balance was impaired at 31 December 2022.

Trade and other receivables at 31 December 2022 were $5.1m (31 December 2021: $5.7m). This includes $1.0m of trade receivables (31 December 2021: $1.2m) and $4.1m related to non-trade receivables (31 December 2021: $4.5m). Trade receivables reduced at 31 December 2022 due to the lower amount of bookings invoiced in the fourth quarter in 2022 compared to 2021. Other receivables reduced mainly due to a lower corporation tax receivable from R&D tax credit claims offset by increased prepayments and other receivables.

Net consumption of cash was $27.7m before financing (2021: $34.0m), this was partly offset by the contribution of $20.0m from the issue of share capital, net of exchange rate movements of $0.5m and payment of lease liabilities of $0.5m resulted in a closing cash balance of $19.1m at 31 December 2022 (31 December 2021: $27.8m).

Trade and other payables increased to $5.2m (31 December 2021: $4.2m). The increase mainly related to an increase in bonus accruals in 2022 compared to 2021.

Deferred income from sales booked during 2022 and in previous years, and not yet recognised as revenue, is $2.3m at 31 December 2022, at 31 December 2021 this stood at $1.8m. Our deferred income represents future revenue from new and renewed contracts, many of them spanning multiple years. Deferred income increased due to a number of licence renewals on which the revenue is recognised in 2023.

Share capital and share premium increased to $242.4m at 31 December 2022 (31 December 2021: $222.4m) due to the proceeds from the fundraise in the year of $19.4m and proceeds from share options exercised of $0.6m.

Subsequent events

Subsequent to the year end the Irregularities were identified which was the subject of the Independent Investigation. The background and actions taken are explained in the Introduction and background section.

On 15 May 2023 the Board issued an RNS announcement in which it provided a number of data points:

- Firstly, it was stated that as of the end of April the Group had available to it $8.1m of cash.
- Secondly, it was also stated that the run rate annualised costs had been reduced from $41m to circa $25m.
- Thirdly, it was noted that the cash reserves of the Group would expire during July 2023.
- Finally, it was noted that to achieve the relisting of the shares the Group would need to raise $30m gross of new finance. A circular to shareholders was subsequently issued to convene a general meeting of shareholders to provide the authority to the Directors to issue additional ordinary shares to secure the necessary funding.

The general meeting of shareholders was held on 6 June 2023 and provided the required authority to the Directors. The Company expect to announce a $30m equity fundraise by way of an Accelerated Bookbuild process on a non-pre-emptive basis shortly.

Ijoma Maluza
Interim Chief Financial Officer

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Revenue	3	**9,685**	7,306
Cost of sales		**(695)**	(659)
Gross profit		**8,990**	6,647
Operating expenses	4	**(46,633)**	(44,350)
Impairment loss		**(2,082)**	(2,131)
Operating loss	4	**(39,725)**	(39,834)
Finance income		**11,423**	1,175
Finance costs		**(110)**	(172)
Net finance income		**11,313**	1,003
Loss before tax		**(28,412)**	(38,831)
Income tax		**169**	1,236
Loss for the year		**(28,243)**	(37,595)
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		**(10,846)**	(1,041)
Other comprehensive loss for the year, net of tax		**(10,846)**	(1,041)
Total comprehensive loss for the year attributable to owners of the parent		**(39,089)**	(38,636)
Loss per share			
Basic and diluted loss per share	5	**($0.45)**	($0.65)

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

Consolidated statement of financial position

At 31 December 2022

	Note	31 December 2022 (Unaudited) $'000	31 December 2021 (Audited) $'000
Assets			
Property, plant and equipment		**1,425**	2,244
Intangible assets		**-**	5,252
Other non-current assets	6	**864**	1,201
Non-current assets		**2,289**	8,697
Trade and other receivables	7	**5,142**	5,731
Cash and cash equivalents		**19,108**	27,759
Current assets		**24,250**	33,490
Total assets		**26,539**	42,187
Equity			
Share capital		**9,524**	8,608
Share premium		**232,861**	213,762
Translation reserve		**(13,598)**	(2,752)
Merger reserve		**1,247**	1,247
Retained earnings		**(212,134)**	(186,442)
Total equity		**17,900**	34,423
Liabilities			
Loans and borrowings	8	**750**	1,230
Deferred income	9	**220**	334
Deferred tax liabilities		**3**	4
Non-current liabilities		**973**	1,568
Current tax liabilities		**11**	29
Loans and borrowings	8	**420**	586
Trade and other payables		**5,197**	4,156
Deferred income	9	**2,038**	1,425
Current liabilities		**7,666**	6,196
Total liabilities		**8,639**	7,764
Total equity and liabilities		**26,539**	42,187

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

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Attributable to owners of the Company					
	Share capital	Share premium	Translation reserve	Merger reserve	Retained earnings	Total equity
Audited	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2020	7,641	172,868	(1,711)	1,247	(150,851)	29,194
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(37,595)	(37,595)
Other comprehensive loss for the year	-	-	(1,041)	-	-	(1,041)
Total comprehensive loss for the year	-	-	(1,041)	-	(37,595)	(38,636)
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	-	-	-	-	2,004	2,004
Share options exercised	15	21	-	-	-	36
Proceeds from share placing	952	40,873	-	-	-	41,825
Total transactions with owners of the Company	967	40,894	-	-	2,004	43,865
Balance at 31 December 2021	8,608	213,762	(2,752)	1,247	(186,442)	34,423
Unaudited						
Total comprehensive loss for the year						
Loss for the year	**-**	**-**	**-**	**-**	**(28,243)**	**(28,243)**
Other comprehensive loss for the year	**-**	**-**	**(10,846)**	**-**	**-**	**(10,846)**
Total comprehensive loss for the year	**-**	**-**	**(10,846)**	**-**	**(28,243)**	**(39,089)**
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	**-**	**-**	**-**	**-**	**2,551**	**2,551**
Share options exercised	**188**	**472**	**-**	**-**	**-**	**660**
Proceeds from share placing	**728**	**18,627**	**-**	**-**	**-**	**19,355**
Total transactions with owners of the Company	**916**	**19,099**	**-**	**-**	**2,551**	**22,566**
Balance at 31 December 2022	**9,524**	**232,861**	**(13,598)**	**1,247**	**(212,134)**	**17,900**

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

Consolidated statement of cash flows

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Cash flows from operating activities			
Loss for the year		**(28,243)**	(37,595)
Adjustments for:			
- Depreciation of property, plant and equipment		**870**	1,077
- Amortisation of intangible assets		**3,903**	5,115
- Impairment of intangible assets		**1,349**	-
- Net finance (costs)/income (excluding foreign exchange)		**(20)**	116
- Income tax		**(169)**	(1,236)
- Foreign exchange		**(10,407)**	(992)
- Equity-settled share-based payment	10	**2,551**	2,004
		(30,166)	(31,511)
Changes in:			
- Trade and other receivables		**(199)**	5,728
- Trade and other payables		**1,260**	(1,280)
- Deferred income		**503**	(1,994)
Net working capital change		**1,564**	2,454
Cash used in operating activities		**(28,602)**	(29,057)
Interest paid		**(110)**	(170)
Income tax received		**1,216**	998
Net cash used in operating activities		**(27,496)**	(28,229)
Cash flows from investing activities			
Interest received		**48**	5
Acquisition of property, plant and equipment		**(206)**	(427)
Development expenditure		**-**	(5,340)
Net cash used in investing activities		**(158)**	(5,762)
Cash flows from financing activities			
Proceeds from issue of share capital net of transaction costs of $0.3m (2021: $0.6m)		**20,015**	41,861
Repayment of bank loan		**-**	(556)
Payment of lease liabilities		**(532)**	(517)
Net cash from financing activities		**19,483**	40,788
Net (decrease)/increase in cash and cash equivalents		**(8,171)**	6,797
Cash and cash equivalents at 1 January		**27,759**	21,039
Effect of movements in exchange rates on cash and cash equivalents		**(480)**	(77)
Cash and cash equivalents at 31 December		**19,108**	27,759

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 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 financial statements ("Financial statements") as at and for the year ended 31 December 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

Whilst the financial information included in this unaudited preliminary announcement has been prepared on the basis of the requirements of UK adopted International Financial Reporting Standards ("IFRSs") in issue and effective at 31 December 2022, this announcement does not itself contain sufficient information to comply with IFRS.

The financial information set out in this preliminary announcement does not constitute the Group's Consolidated financial statements for the years ended 31 December 2022 or 31 December 2021.

The financial information for 2021 is derived from the consolidated accounts for the year ended 31 December 2021 which have been audited and delivered to the registrar of companies with the Jersey Financial Services Commission ("JFSC"). The auditor has reported on those accounts; the audit report was (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 financial information for 2022 is derived from the consolidated accounts for the year ended 31 December 2022, which have not yet been reported on by the Independent Auditors. Given the facts set out in Note 2(b), it is possible that the audit report for the year ended 31 December 2022 will contain a material uncertainty over the ability of the Group to continue as a going concern.

The Consolidated financial statements have been prepared in accordance with IFRSs as adopted for use in the UK.

The preliminary announcement has been prepared using the accounting policies published in the Group's accounts for the year ended 31 December 2021, which are available on the Company's website. From 1 January 2022 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 2022 have been adopted:

- Amendments to IAS 16 - Property, Plant and Equipment;
- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets;
- Annual Improvements 2018-2020 Cycle (effective date 1 January 2022); and
- Reference to the Conceptual Framework (Amendments to IFRS 3) (effective date 1 January 2022).

These amendments to standards have not had a material impact on these Financial statements.

(ii) New and amended standards and interpretations issued but not effective for the financial year beginning 1 January 2022 and not early adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Financial statements.

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

2. Basis of preparation (continued)

b Going concern basis of accounting

These Financial statements have been prepared on a going concern basis.

As at 31 December 2022 the Group had net assets of $17.9m (31 December 2021: $34.4m), including cash of $19.1m (2021: $27.8m) as set out in the consolidated statement of financial position, with no debt facility outstanding (2021: no debt facility outstanding). In the year ended 31 December 2022, the Group incurred a loss before tax of $28.4m (2021: $38.8m) and net cash outflows before financing of $27.7m (2021: $34.0m).

During 2022, the performance of the Group improved, with revenues increasing by 33% to $9.7m (2021: $7.3m) and operating losses of $39.7m (2021: $39.8m).

The Directors have prepared a detailed budget and forecast of the Group's expected performance over a period covering at least the next twelve months from the date of the approval of these financial statements. As well as modelling the realisation of the sales pipeline a number of sensitivities have been applied to the forecast in order for the Board to satisfy itself that the Group remains within its current cash facilities. The cash flow model includes the injection of $30m from the proposed share placing expected during July 2023. This funding is subject to the successful completion of the share raise which is not confirmed at the date of this announcement.

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. bookings are reduced to a level of $5m per annum) 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 2022. 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 financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements. However, the events noted above indicate that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. These results do not include any adjustments should the going concern basis of preparation be inappropriate.

c Functional and presentational currency

The 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 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 and aligns with our KPIs. Adjusted results exclude certain items because if included, these items could distort the understanding of our performance for the year and the comparability between periods. The Group has been using the following APMs on a consistent basis and they are defined and reconciled as follows:

- Cash overheads: Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 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	Year ended 31 December 2022 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
North America	**5,504**	5,024
Europe	**2,088**	1,218
Rest of the world – China	**1,894**	643
Rest of the world - Other	**199**	421
	9,685	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, Distributed Coordinated Engine "DConE", enables the replication of data. This core technology is contained in all the Group's products.

d Major customers

	Year ended 31 December 2022 (Unaudited) % of revenue	Year ended 31 December 2022 (Unaudited) Revenue $'000	Year ended 31 December 2021 (Audited) % of revenue	Year ended 31 December 2021 (Audited) Revenue $'000
Customer 1	**10%**	**926**	4%	266
Customer 2	**3%**	**261**	22%	1,572

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

e Split of revenue by timing of revenue recognition

Revenue	Year ended 31 December 2022 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Licences and services transferred at a point in time	**7,466**	4,666
Maintenance and support services transferred over time	**2,219**	2,640
	9,685	7,306

f Contract balances

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

	31 December 2022 (Unaudited) $'000	31 December 2021 (Audited) $'000
Receivables, which are included in "Other non-current assets - accrued income"	**843**	1,161
Receivables, which are included in "Trade and other receivables – accrued income"	**843**	1,059
Contract liabilities, which are included in "Deferred income - non-current"	**(220)**	(334)
Contract liabilities, which are included in "Deferred income – current"	**(2,038)**	(1,425)

4. Cash overheads and Adjusted EBITDA

a Reconciliation of operating expenses to "Cash overheads":	Note	Year ended 31 December 2022 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Operating expenses		**(46,633)**	(44,350)
Adjusted for:			
Amortisation and depreciation		**4,773**	6,192
Equity-settled share-based payment	10	**2,551**	2,004
Development expenditure capitalised		**-**	(5,340)
Cash overheads		**(39,309)**	(41,494)

b Reconciliation of operating loss to "Adjusted EBITDA":	Note	Year ended 31 December 2022 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Operating loss		**(39,725)**	(39,834)
Adjusted for:			
Impairment loss		**2,082**	2,131
Amortisation and depreciation		**4,773**	6,192
Equity-settled share-based payment	10	**2,551**	2,004
Adjusted EBITDA		**(30,319)**	(29,507)
Development expenditure capitalised		**-**	(5,340)
Adjusted EBITDA including development expenditure		**(30,319)**	(34,847)

5. 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 2022 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Loss for the year attributable to ordinary shareholders	**28,243**	37,595

Weighted average number of ordinary shares	Number of shares '000	Number of shares '000
Issued ordinary shares at 1 January	**59,612**	52,613
Effect of shares issued in the year	**3,850**	5,186
Weighted average number of ordinary shares at 31 December	**63,462**	57,799

	2022 $	2021 $
Basic loss per share	**0.45**	0.65

5. 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, impairment loss 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 2022 (Unaudited) $'000**	Year ended 31 December 2021 (Audited) $'000
Loss for the year attributable to ordinary shareholders		**28,243**	37,595
Adjusted for:			
Impairment loss		**(2,082)**	(2,131)
Net foreign exchange gain		**11,293**	1,119
Equity-settled share-based payment	10	**(2,551)**	(2,004)
Adjusted loss for the year		**34,903**	34,579

	2022 $	2021 $
Adjusted loss per share	**0.55**	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.

6. Other non-current assets

Due in more than a year:	**31 December 2022 (Unaudited) $'000**	31 December 2021 (Audited) $'000
Other receivables	**21**	40
Accrued income	**843**	1,161
Total other non-current assets	**864**	1,201

7. Trade and other receivables

Due within a year:	**31 December 2022 (Unaudited) $'000**	31 December 2021 (Audited) $'000
Trade receivables	**1,038**	1,182
Other receivables	**690**	278
Accrued income	**843**	1,059
Corporation tax	**1,371**	2,532
Prepayments	**1,200**	680
Total trade and other receivables	**5,142**	5,731

8. Loans and borrowings

	31 December 2022 (Unaudited) $'000	31 December 2021 (Audited) $'000
Non-current liabilities		
Lease liabilities	**750**	1,230
	750	1,230
Current liabilities		
Current portion of lease liabilities	**420**	586
	420	586
Total loans and borrowings	**1,170**	1,816

At 31 December 2022 and 2021 there was no bank loan debt.

9. Deferred income

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

Deferred income which falls due:	31 December 2022 (Unaudited) $'000	31 December 2021 (Audited) $'000
Within a year	**2,038**	1,425
In more than a year	**220**	334
Total deferred income	**2,258**	1,759

10. 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 2022.

a Expense recognised in profit or loss

	Year ended 31 December 2022 (Unaudited) $'000	Year ended 31 December 2021 (Audited) $'000
Total equity-settled share-based payment charge	**2,551**	2,004

b Summary of share options outstanding

Number of share options outstanding:	2022 Number of options (Unaudited)	2021 Number of options (Audited)
Outstanding at 1 January	**3,834,400**	4,271,684
Forfeited during the year	**(344,852)**	(323,599)
Exercised during the year	**(1,544,523)**	(113,685)
Granted during the year	**3,504,070**	-
Outstanding at 31 December	**5,449,095**	3,834,400
Exercisable at 31 December	**2,269,063**	3,165,769
Vested at 31 December	**2,269,063**	3,165,769

11. Commitments and contingencies

At 31 December 2022 the Group had $120,897 capital commitments (31 December 2021: $nil).

The Group had a contingent liability at 31 December 2022 relating to a sponsorship agreement whereby an additional $362,691 was due to be paid under certain conditions that were subject to post year end outcomes (31 December 2021: none).

12. Subsequent events

Subsequent to the year end the Irregularities were identified which was the subject of the Independent Investigation. The background and actions taken are explained in the Introduction and background section.

On 15 May 2023 the Board issued an RNS announcement in which it provided a number of data points.

- Firstly, it was stated that as of the end of April 2023 the Group had available to it $8.1m of cash.
- Secondly, it was also stated that the run rate annualised costs had been reduced from $41m to circa $25m.
- Thirdly, it was noted that the cash reserves of the Group would expire during July 2023.
- Finally, it was noted that to achieve the relisting of the shares the Group would need to raise $30m gross of new finance. A circular to shareholders was subsequently issued to convene a general meeting of shareholders to provide the authority to the Directors to issue additional ordinary shares to secure the necessary funding.

The general meeting of shareholders was held on 6 June 2023 and provided the required authority to the Directors.