

25 September 2019

**WANdisco plc**  
(“WANdisco”, the “Company” or the “Group”)

**Interim unaudited results for the six months ended 30 June 2019**

*Breakthrough strategic agreement with major enterprise cloud partner  
Launch of LiveMigrator enables seamless migration to cloud services*

WANdisco (LSE: WAND), the LiveData company announces interim unaudited results for the six months ended 30 June 2019.

**Operational and strategic highlights**

During and immediately post period end:

- Embed and enable WANdisco technology into cloud fabric to become de-facto standard for data migration
  - Breakthrough strategic agreement with major enterprise cloud partner
    - General availability of embedded product expected later in H219
    - Expect to see early revenue in FY19
  - First multi-cloud contract win – an expanding use case for WANdisco Fusion
  - Granted highest tier Advanced Technology Partner status with Amazon Web Services
  - Two China contracts totalling \$2.9 million reflects growing opportunity in that region
    - A follow-on \$470k Fusion contract with one of the world’s leading mobile phone manufacturers in China. Total contract value over last 12 months now totals \$1.2 million
- Create solutions and partnerships that facilitates the use of data for cloud analytics
  - Launch of significant products: LiveMigrator enabling seamless migration to cloud services and recently announced, LiveAnalytics
  - Joint Databricks solution to provide rapid migration of analytical data to Azure Databricks at scale
  - Neudesic partnership to meet demand for migrating Hadoop workloads to Microsoft Azure and Databricks
  - \$540k Fusion contract with a leading global financial services institution

**Financial highlights**

- Revenue for the period \$6.0 million (H1 2018: \$5.7 million)
- Cash overheads<sup>2</sup> of \$15.5 million (H1 2018: \$14.6 million)
- Adjusted EBITDA<sup>3</sup> loss of \$7.6 million (H1 2018: \$6.8 million)
- Operating loss \$16.5 million (H1 2018: \$12.2 million)
- Cash at 30 June 2019 of \$17.9 million (31 December 2018: \$10.8 million)
- Debt of \$5.1 million (31 December 2018: \$5.0 million)
- Raised \$17.5 million in share placing at 9.2% premium to provide growth capital

**Outlook**

- With current visibility and a significant and growing pipeline, the Company issues FY19 revenue guidance of \$24m
  - This comprises renewals, late-stage deals as well as a pipeline of partner-driven sales and is underpinned by strategic partnerships that were initiated during H219
  - Significant traction with new products, LiveMigrator and LiveAnalytics

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

*“The core focus of management in H1 was securing the breakthrough deal with a major enterprise cloud partner announced on 15 July. The deal, one of the most important developments in our journey to date, is a significant co-development project which sees our technology deeply embedded into the vendor’s cloud offerings. The deal combines our Fusion technology with the scale, reach and enterprise capabilities of the Partner’s platform, with the sales and billing process fully independent from WANdisco.*”

“Our LiveMigrator solution, launched in H1, enabling the seamless migration of petabyte-scale live data to the cloud for the first time. With WANDisco LiveAnalytics, launched in Q3, we added the capability to provide continuous and immediate availability of analytics during and after migration.

“Our technology and go-to-market platform is building critical mass, with our breakthrough co-development deal a flagship example of the operational leverage developing within our business. This strong platform for growth and evolving pipeline of late stage deals in the early months of H2 leaves us in a strong position, underpinning the Board’s confidence in H2 and beyond.”

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

- <sup>1</sup> Effective 1 January 2019, the company adopted a new accounting standard (“IFRS 16 – Leases”), which impacted the company’s treatment of operating leases. The company adopted IFRS 16 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. In the interest of comparability during the transition year to IFRS 16, the company has provided adjusted EBITDA and operating loss information in accordance with both IFRS 16 and under the previous lease accounting standard in effect prior to the adoption of IFRS 16 (“IAS 17 - Leases”). See Note 3 to the condensed consolidated interim financial statements for a reconciliation.
- <sup>2</sup> Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 6 to the condensed consolidated interim financial statements for a reconciliation.
- <sup>3</sup> Operating loss adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 6 to the condensed consolidated interim financial statements for a reconciliation.

**The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (“MAR”). Upon the publication of this announcement, this inside information is now considered to be in the public domain.**

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## **About WANdisco**

WANdisco is the LiveData company that empowers enterprises to revolutionise 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**

In the first half of 2019, the focus of the Group was directed toward signing a joint development agreement with a major enterprise cloud vendor. We have also focused on products and partnerships that provide customers with simple, robust transition paths as more and more companies are looking for solutions to move their on-premises Hadoop data to the cloud. Our LiveMigrator product will allow customers to make the transition from on-premises to cloud computing as easy and as seamless as possible. To support these efforts, we successfully completed a share placing in the period, raising \$17.5 million from new and existing investors at a 9.2% premium.

The main strategic push for the Company in 2019 was to secure deep integration with one of the main cloud vendors. To that end, we were pleased to sign one such partnership post period-end. This partnership requires significant integration and engineering by both parties, and we anticipate the general availability of the embedded product later in H219. We expect to see early revenue from this partnership in FY19 based on current pipeline activity. This partnership is a breakthrough for WANdisco, as it moves the company from a small direct salesforce with long selling cycles to one that leverages the large direct sales force of this particular cloud partner and an offering that is deeply integrated with push-button installation.

### **H1 contract review**

A significant highlight in H1 was our success in the typically challenging Chinese market, with contract wins totalling \$2.9 million with major blue-chips. China remains a significant market opportunity, with enterprises recognising the unique opportunity our IP provides for the massive scale data achievable in a market of over a billion people. We continue to view China as an untapped market and look for further opportunities to expand our footprint directly and through our partners.

The other major highlight was our inaugural multi-cloud win. We view multi-cloud as the long-term solution of choice for most blue-chip companies looking to rely on cloud as a primary location for analytics, disaster recovery and multi-region processing. Furthermore, the goal of true multi-vendor cloud solutions will allow enterprises to avoid the pitfalls of vendor lock-in. With our launch of LiveMigrator we now cater for all stages of an enterprise's data journey to the cloud; from migrating to the cloud, or moving to a sophisticated hybrid cloud solution, or full adoption of cloud and multi-cloud solutions.

In the first half of 2019, we maintained our sales focus for our LiveCode products and we continue to see an opportunity in the segment of the LiveCode market that we focus on. This is evident as customers continue to move from legacy proprietary platforms to modern, agile, open source platforms. 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 greater need for our products.

### **Outlook**

We are increasingly seeing companies take advantage of data analytics in the cloud, leveraging the elasticity of cloud economics instead of inefficient and expensive on-premise Hadoop installations. LiveMigrator and our recently launched LiveAnalytics solution, combined with our Fusion product, uniquely addresses this growing market: a market we estimate to be in the region of four to six exabytes of data, amounting to between \$1.0 billion and \$1.5 billion in potential revenue. Enterprises that wish to modernise their analytics platform by leveraging the cloud can now migrate on-premises Hadoop analytics without interrupting their analytics processing, creating a seamless transition from Hadoop to the cloud. In collaboration with our enterprise cloud partners such as Microsoft, Alibaba and Amazon, and our technology partners Databricks and Neudesic, we continue to see strong demand for our products. We have a strong H2 pipeline of deals from both our partners and direct sales.

The Company is confident in FY19 revenue guidance of \$24M. This guidance comprises renewals, late-stage deals as well as a pipeline of partner-driven sales and is underpinned by strategic partnerships that were initiated during H219.

## FINANCIAL REVIEW

As required by the International Accounting Standards Board “IASB” the Group has initially adopted IFRS 16, “Leases” effective 1 January 2019. The effect of initially applying IFRS 16 is mainly attributed to the following:

- Recognition of an asset and related lease liability for certain of the Group’s operating leases (mainly office premises).
- Removal of rent costs on these operating leases and replacement with depreciation charge on the asset and interest on the lease liability.

The Group has adopted IFRS 16 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 2019). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

Revenue for the period ended 30 June 2019 was \$6.0 million (H1 2018: \$5.7 million).

Deferred revenue from sales booked during the first half of 2019 and in previous years, and not yet recognised as revenue, is \$4.7 million at 30 June 2019 (H1 2018: \$4.6 million). Our deferred revenue represents future revenue from new and renewed contracts, many of them spanning multiple years.

Adjusted EBITDA loss<sup>3</sup> was \$7.6 million (H1 2018: \$6.8 million), due primarily to investments in the business.

### Revenue

Revenue was \$6.0 million (H1 2018: \$5.7 million), supported by our success in China, with contract wins totalling \$2.9 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, with the Group’s co-development contract announced 15 July for example enabling direct billing through the cloud partner.

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

### Operating costs

Cash overheads<sup>2</sup> increased in the period as we made modest investments in Sales and Engineering, rising to \$15.5 million from \$14.6 million in the first half of 2018.

Product development expenditure capitalised in the period was \$2.3 million in the period (H1 2018: \$2.4 million). All of this expenditure was associated with new product features and was capitalised.

Our headcount was 152 as at 30 June 2019 (December 2018: 148, June 2018: 138). Headcount increases in the period were principally in Sales and Marketing and Engineering as we added capacity to develop new products and service our partner channel.

### Profit and loss

Adjusted EBITDA<sup>3</sup> loss for the period was \$7.6 million (H1 2018: \$6.8 million).

The loss after tax for the period increased to \$16.7 million (H1 2018: \$11.3 million), as a result of the increased overheads and increased share-based payment charge. The exceptional finance loss of \$0.1 million (H1 2018: \$1.2 million gain) arose from the retranslation of intercompany balances at 30 June 2019, reflecting the increase in Sterling against the US dollar. The impact of FX rates changes on the financial statements should be restricted to the retranslation of US dollar denominated intercompany loans, as opposed to the operating activities of the business. 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 30 June 2019 were \$6.1 million (31 December 2018: \$7.4 million). This includes \$1.1 million of trade receivables (31 December 2018: \$1.8 million) and \$5.0 million related to non-trade receivables (31 December 2018: \$5.6 million).

Net consumption of cash was \$9.5 million before financing (H1 2018: \$10.5 million), resulting in a closing cash balance of \$17.9 million at 30 June 2019. The consumption of cash was due primarily to an increase 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. At 30 June 2019 we had drawings under our revolving credit facility with Silicon Valley Bank of \$3.1 million (31 December 2018: \$3.9 million).

## Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2019

		Six months ended 30 June 2019 (Unaudited)			Six months ended 30 June 2018 (Unaudited)			Year ended 31 December 2018 (Audited)		
		Pre- exceptional \$'000	Exceptional items (Note 5) \$'000	Total \$'000	Pre- exceptional \$'000	Exceptional items (Note 5) \$'000	Total \$'000	Pre- Exceptional \$'000	Exceptional items (Note 5) \$'000	Total \$'000
<b>Continuing operations</b>	<b>Note</b>									
<b>Revenue</b>	<b>4</b>	<b>5,966</b>	<b>-</b>	<b>5,966</b>	5,728	-	5,728	17,019	-	17,019
Cost of sales		(376)	-	(376)	(370)	-	(370)	(1,544)	-	(1,544)
Gross profit		5,590	-	5,590	5,358	-	5,358	15,475	-	15,475
Operating expenses	6	(22,127)	-	(22,127)	(17,593)	-	(17,593)	(37,592)	-	(37,592)
<b>Operating loss</b>	<b>6</b>	<b>(16,537)</b>	<b>-</b>	<b>(16,537)</b>	(12,235)	-	(12,235)	(22,117)	-	(22,117)
Finance income		240	-	240	122	1,206	1,328	443	2,793	3,236
Finance costs		(278)	(78)	(356)	(330)	-	(330)	(514)	-	(514)
<b>Net finance (costs)/income</b>		<b>(38)</b>	<b>(78)</b>	<b>(116)</b>	(208)	1,206	998	(71)	2,793	2,722
<b>(Loss)/profit before tax</b>		<b>(16,575)</b>	<b>(78)</b>	<b>(16,653)</b>	(12,443)	1,206	(11,237)	(22,188)	2,793	(19,395)
Income tax		(8)	-	(8)	(39)	-	(39)	802	-	802
<b>(Loss)/profit for the period</b>		<b>(16,583)</b>	<b>(78)</b>	<b>(16,661)</b>	(12,482)	1,206	(11,276)	(21,386)	2,793	(18,593)

### Other comprehensive income

Items that are or may be reclassified to profit or loss:

Foreign operations – foreign currency translation differences		(201)	78	(123)	(4)	(1,206)	(1,210)	(81)	(2,793)	(2,874)
<b>Other comprehensive income for the period, net of tax</b>		<b>(201)</b>	<b>78</b>	<b>(123)</b>	(4)	(1,206)	(1,210)	(81)	(2,793)	(2,874)
<b>Total comprehensive income for the period</b>		<b>(16,784)</b>	<b>-</b>	<b>(16,784)</b>	(12,486)	-	(12,486)	(21,467)	-	(21,467)

### Loss per share

Basic and diluted loss per share	7			<b>(\$0.38)</b>				(\$0.27)		(\$0.45)
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The notes form an integral part of these condensed consolidated interim financial statements.

## Consolidated statement of financial position

At 30 June 2019

	Note	30 June 2019 (Unaudited) \$'000	30 June 2018 (Unaudited) \$'000	31 December 2018 (Audited) \$'000
<b>Assets</b>				
Property, plant and equipment		2,718	809	828
Intangible assets		4,870	6,223	5,516
Other non-current assets	8	2,401	1,642	2,580
<b>Non-current assets</b>		<b>9,989</b>	8,674	8,924
Trade and other receivables	9	6,087	5,381	7,399
Cash and cash equivalents		17,868	18,029	10,757
<b>Current assets</b>		<b>23,955</b>	23,410	18,156
<b>Total assets</b>		<b>33,944</b>	32,084	27,080
<b>Equity</b>				
Share capital		6,696	6,274	6,361
Share premium		133,288	115,800	115,909
Translation reserve		(7,471)	(5,684)	(7,348)
Merger reserve		1,247	1,247	1,247
Retained earnings		(113,587)	(99,131)	(102,365)
<b>Total equity</b>		<b>20,173</b>	18,506	13,804
<b>Liabilities</b>				
Loans and borrowings	10	2,850	3,233	98
Deferred income	11	2,016	1,315	1,277
Deferred tax liabilities		3	4	3
<b>Non-current liabilities</b>		<b>4,869</b>	4,552	1,378
Current tax liabilities		7	10	7
Loans and borrowings	10	2,195	1,765	3,990
Trade and other payables		3,997	3,936	4,860
Deferred income	11	2,703	3,315	3,041
<b>Current liabilities</b>		<b>8,902</b>	9,026	11,898
<b>Total liabilities</b>		<b>13,771</b>	13,578	13,276
<b>Total equity and liabilities</b>		<b>33,944</b>	32,084	27,080

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 2019

	Attributable to owners of the Company					
	Share capital	Share premium	Translation reserve	Merger reserve	Retained earnings	Total equity
Six months ended 30 June 2019 (Unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2019</b>	<b>6,361</b>	<b>115,909</b>	<b>(7,348)</b>	<b>1,247</b>	<b>(102,365)</b>	<b>13,804</b>
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(16,661)	(16,661)
Other comprehensive income for the period	-	-	(123)	-	-	(123)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(123)</b>	<b>-</b>	<b>(16,661)</b>	<b>(16,784)</b>
<b>Transactions with owners of the Company</b>						
<b>Contributions and distributions</b>						
Equity-settled share-based payment	-	-	-	-	5,439	5,439
Proceeds from share placing	321	17,127	-	-	-	17,448
Share options exercised	14	252	-	-	-	266
<b>Total transactions with owners of the Company</b>	<b>335</b>	<b>17,379</b>	<b>-</b>	<b>-</b>	<b>5,439</b>	<b>23,153</b>
<b>Balance at 30 June 2019</b>	<b>6,696</b>	<b>133,288</b>	<b>(7,471)</b>	<b>1,247</b>	<b>(113,587)</b>	<b>20,173</b>
<b>Six months ended 30 June 2018 (Unaudited)</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2018</b>	<b>6,156</b>	<b>115,196</b>	<b>(4,474)</b>	<b>1,247</b>	<b>(100,658)</b>	<b>17,467</b>
Adjustment on application of IFRS 15	-	-	-	-	10,896	10,896
<b>Adjusted balance at 1 January 2018</b>	<b>6,156</b>	<b>115,196</b>	<b>(4,474)</b>	<b>1,247</b>	<b>(89,762)</b>	<b>28,363</b>
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(11,276)	(11,276)
Other comprehensive income for the period	-	-	(1,210)	-	-	(1,210)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(1,210)</b>	<b>-</b>	<b>(11,276)</b>	<b>(12,486)</b>
<b>Transactions with owners of the Company</b>						
<b>Contributions and distributions</b>						
Equity-settled share-based payment	-	-	-	-	1,907	1,907
Share options exercised	118	604	-	-	-	722
<b>Total transactions with owners of the Company</b>	<b>118</b>	<b>604</b>	<b>-</b>	<b>-</b>	<b>1,907</b>	<b>2,629</b>
<b>Balance at 30 June 2018</b>	<b>6,274</b>	<b>115,800</b>	<b>(5,684)</b>	<b>1,247</b>	<b>(99,131)</b>	<b>18,506</b>

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 2019

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)	Year ended 31 December 2018 (Audited)
Note	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Loss for the period	(16,661)	(11,276)	(18,593)
Adjustments for:			
- Depreciation of property, plant and equipment	507	185	388
- Amortisation of intangible assets	2,953	3,300	6,475
- Loss on sale of property, plant and equipment	-	-	3
- Net finance costs	38	208	71
- Income tax	8	39	(802)
- Foreign exchange	(205)	(1,052)	(2,517)
- Equity-settled share-based payment	12 5,439	1,907	5,857
	(7,921)	(6,689)	(9,118)
Changes in:			
- Trade and other receivables	613	2,136	281
- Trade and other payables	(851)	(1,963)	(925)
- Deferred income	401	(918)	(1,230)
- Deferred government grant	-	(2)	(2)
<b>Net working capital change</b>	<b>163</b>	<b>(747)</b>	<b>(1,876)</b>
<b>Cash used in operating activities</b>	<b>(7,758)</b>	<b>(7,436)</b>	<b>(10,994)</b>
Interest paid	(232)	(278)	(399)
Income tax received/(paid)	910	(27)	51
<b>Net cash used in operating activities</b>	<b>(7,080)</b>	<b>(7,741)</b>	<b>(11,342)</b>
<b>Cash flows from investing activities</b>			
Interest received	240	96	213
Proceeds from sale of property, plant and equipment	-	-	5
Acquisition of property, plant and equipment	(367)	(438)	(677)
Development expenditure	(2,307)	(2,442)	(4,910)
<b>Net cash used in investing activities</b>	<b>(2,434)</b>	<b>(2,784)</b>	<b>(5,369)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	17,714	722	918
Net (repayment)/proceeds from bank loan	(833)	751	(111)
Payment of finance lease liabilities	(257)	(47)	(95)
<b>Net cash from financing activities</b>	<b>16,624</b>	<b>1,426</b>	<b>712</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,110</b>	<b>(9,099)</b>	<b>(15,999)</b>
Cash and cash equivalents at 1 January	10,757	27,396	27,396
Effect of movements in exchange rates on cash and cash equivalents	1	(268)	(640)
<b>Cash and cash equivalents at the end of the period</b>	<b>17,868</b>	<b>18,029</b>	<b>10,757</b>

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 2019

## 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 2019 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 2018 (“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.

This is the first set of the Group’s financial statements where IFRS 16 “Leases” has been applied. Changes to significant accounting policies are described in Note 3.

These interim financial statements were authorised for issue by the Company’s board of directors on 25 September 2019.

### b Going concern

These interim 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 at 30 June 2019 the Group had net assets of \$20.2m (31 December 2018: \$13.8m), including cash of \$17.9m (31 December 2018: \$10.8m) as set out in the interim consolidated statement of financial position, with a debt facility drawn of \$3.1m (31 December 2018: \$3.9m). In the six months ended 30 June 2019, the Group incurred a loss before tax of \$16.7m (H1 2018: \$11.2m) and net cash outflows before financing of \$9.5m (H1 2018: \$10.5m).

During 2019, the revenue performance of the Group improved with revenue increasing 4% to \$6.0m (H1 2018: \$5.7m). Operating loss increased to \$16.5m (H1 2018: \$12.2m), mainly due to increased share-based payment charge and investment in operating expenses.

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 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 revenues, the Board’s sensitivity modelling (which considered the impact of Brexit) 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 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 revenues 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 revenues, cash 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, which is also the presentational 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 key 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:

## 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 6 for a reconciliation.
- Adjusted EBITDA: Operating loss adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 6 for a reconciliation.

### e Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of 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 16 which is described in Note 3.

### 3. Changes in significant accounting policies – IFRS 16

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 "Leases". Several other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

The effect of initially applying IFRS 16 is as follows:

- Recognition of an asset and also related lease liability for certain of the Group's operating leases (mainly office premises).
- Removal of rent costs on these operating leases and replacement with depreciation charge on the asset and interest on the lease liability.

IFRS 16 replaces IAS 17 "Leases" and related interpretations.

The Group has adopted IFRS 16 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 2019). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

### a Impact of conversion

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

	Impact of adopting IFRS 16 at 1 January 2019
Retained earnings	\$'000
a Property, plant and equipment: Recognition of property, plant and equipment	1,891
b Trade and other receivables: Rent prepayment adjustment	(41)
b Trade and other payables: Rent accrual adjustment	58
c Loan and borrowings non-current: Recognition of long-term lease liability	(1,513)
c Loan and borrowings current: Recognition of short-term lease liability	(395)
<b>Impact at 1 January 2019</b>	<b>-</b>

### 3. Changes in significant accounting policies – Adoption of IFRS 16 (continued)

The following tables summarise the impacts of adopting IFRS 16 on the Group's interim statement of profit or loss and other comprehensive income for the six months ended 30 June 2018 and the Group's interim statement of financial position for each of the line items affected. There was no material impact on the Group's interim statement of cash flows for the six month period ended 30 June 2018.

b Impact on the consolidated statement of profit or loss and other comprehensive income	Six months ended 30 June 2019 (Unaudited)			Six months ended 30 June 2018 (Unaudited)
	As reported (IFRS 16) \$'000	Adjustments \$'000	Amounts without adoption of IFRS 16 \$'000	Amounts without adoption of IFRS 16 \$'000
<b>Continuing operations</b>				
<b>Revenue</b>	5,966	-	5,966	5,728
Cost of sales	(376)	-	(376)	(370)
Gross profit	5,590	-	5,590	5,358
Cash overheads	(15,535)	(289)	(15,824)	(14,643)
<b>Adjusted EBITDA including development expenditure</b>	<b>(9,945)</b>	<b>(289)</b>	<b>(10,234)</b>	<b>(9,285)</b>
Development expenditure capitalised	2,307	-	2,307	2,442
<b>Adjusted EBITDA</b>	<b>(7,638)</b>	<b>(289)</b>	<b>(7,927)</b>	<b>(6,843)</b>
Amortisation and depreciation	(3,460)	263	(3,197)	(3,485)
Equity-settled share-based payment	(5,439)	-	(5,439)	(1,907)
<b>Operating loss</b>	<b>(16,537)</b>	<b>(26)</b>	<b>(16,563)</b>	<b>(12,235)</b>
Net finance (costs)/income	(116)	90	(26)	998
<b>(Loss)/profit before tax</b>	<b>(16,653)</b>	<b>64</b>	<b>(16,589)</b>	<b>(11,237)</b>
Income tax	(8)	-	(8)	(39)
<b>(Loss)/profit for the period</b>	<b>(16,661)</b>	<b>64</b>	<b>(16,597)</b>	<b>(11,276)</b>
Other comprehensive income for the period, net of tax	(123)	-	(123)	(1,210)
<b>Total comprehensive income for the period</b>	<b>(16,784)</b>	<b>64</b>	<b>(16,720)</b>	<b>(12,486)</b>

c Impact on the consolidated statement of financial position	Note	30 June 2019 (Unaudited)			30 June 2018 (Unaudited)	31 December 2018 (Audited)
		As reported (IFRS 16) \$'000	Adjustments \$'000	Amounts without adoption of IFRS 16 \$'000	Amounts without adoption of IFRS 16 \$'000	Amounts without adoption of IFRS 16 \$'000
Non-current assets	a	9,989	(1,768)	8,221	8,674	8,924
Current assets	b	23,955	(7)	23,948	23,410	18,156
<b>Total assets</b>		<b>33,944</b>	<b>(1,775)</b>	<b>32,169</b>	<b>32,084</b>	<b>27,080</b>
<b>Total equity</b>		<b>20,173</b>	<b>64</b>	<b>20,237</b>	<b>18,506</b>	<b>13,804</b>
Non-current liabilities	c	4,869	(1,416)	3,453	4,552	1,378
Current liabilities	b, c	8,902	(423)	8,479	9,026	11,898
<b>Total liabilities</b>		<b>13,771</b>	<b>(1,839)</b>	<b>11,932</b>	<b>13,578</b>	<b>13,276</b>
<b>Total equity and liabilities</b>		<b>33,944</b>	<b>(1,775)</b>	<b>32,169</b>	<b>32,084</b>	<b>27,080</b>

#### 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.

##### 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 2019 (Unaudited) \$'000	Six months ended 30 June 2018 (Unaudited) \$'000	Year ended 31 December 2018 (Audited) \$'000
North America	3,062	4,575	14,100
Europe	792	978	1,785
Rest of the world	2,112	175	1,134
	<b>5,966</b>	<b>5,728</b>	<b>17,019</b>

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 customers

Included in total revenue are revenues of \$1,599,000 (27% of revenue) (Six months to 30 June 2018: \$nil), which arose from sales to one of the Group's largest customers and revenue of \$667,000 (11% of revenue) (Six months to 30 June 2018: \$1,450,000), which arose from sales to another of the Group's largest customers.

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

##### d Split of revenue by timing of revenue recognition

Revenue	Six months ended 30 June 2019 (Unaudited) \$'000	Six months ended 30 June 2018 (Unaudited) \$'000	Year ended 31 December 2018 (Audited) \$'000
Products transferred at a point in time	4,329	4,242	13,472
Products and services transferred over time	1,637	1,486	3,547
	<b>5,966</b>	<b>5,728</b>	<b>17,019</b>

##### e Contract balances

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

	Six months ended 30 June 2019 (Unaudited) \$'000	Six months ended 30 June 2018 (Unaudited) \$'000	Year ended 31 December 2018 (Audited) \$'000
Receivables, which are included in "Other non-current assets - Accrued income"	2,173	1,401	2,340
Contract assets, which are included in "Other non-current assets – Other receivables"	228	241	240
Receivables, which are included in "Trade and other receivables – Accrued income"	2,863	2,110	2,654
Contract assets, which are included in "Trade and other receivables – Other receivables"	284	304	337
Contract liabilities, which are included in "Deferred income" - non-current	(2,016)	(1,315)	(1,277)
Contract liabilities, which are included in "Deferred income" – current	(2,703)	(3,315)	(3,041)

#### 5. Exceptional item

	Six months ended 30 June 2019 (Unaudited) \$'000	Six months ended 30 June 2018 (Unaudited) \$'000	Year ended 31 December 2018 (Audited) \$'000
Exchange (loss)/gain on intercompany balances	(78)	1,206	2,793

The exceptional (loss)/gain arose on Sterling denominated intercompany balances. These balances were retranslated at the closing exchange rate at 30 June 2019 which was 1.27 (compared with 1.27 at the end of 31 December 2018). In the prior half year, rates increased to 1.32, a 2% reduction compared with the rate of 1.35 at 31 December 2017. Due to the size and nature of the exchange loss in 2019 and gains in 2018, they have been included as exceptional items.

The exceptional (loss)/gain on intercompany balances in the Consolidated statement of profit or loss, is offset by an equivalent exceptional exchange gain/(loss) on the retranslation of the intercompany balances, which is included in the retranslation of net assets of foreign operations, included in the other comprehensive income.

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

Management has presented the performance measures adjusted EBITDA and cash overheads because it monitors these performance measures at a consolidated level and it believes that these measures are relevant to an understanding of the Group's financial performance.

Adjusted EBITDA and cash overheads are not defined performance measures in IFRS. The Group's definition of adjusted EBITDA and cash overheads may not be comparable with similarly titled performance measures and disclosures by other entities.

		Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)	Year ended 31 December 2018 (Audited)
	Note	\$'000	\$'000	\$'000
<b>a Reconciliation of operating expenses to "Cash overheads":</b>				
Operating expenses		(22,127)	(17,593)	(37,592)
<b>Adjusted for:</b>				
Amortisation and depreciation		3,460	3,485	6,863
Equity-settled share-based payment	12	5,439	1,907	5,857
Development expenditure capitalised		(2,307)	(2,442)	(4,910)
<b>Cash overheads</b>		<b>(15,535)</b>	<b>(14,643)</b>	<b>(29,782)</b>

		Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)	Year ended 31 December 2018 (Audited)
	Note	\$'000	\$'000	\$'000
<b>b Reconciliation of Operating loss to "Adjusted EBITDA":</b>				
Operating loss		(16,537)	(12,235)	(22,117)
<b>Adjusted for:</b>				
Amortisation and depreciation		3,460	3,485	6,863
Equity-settled share-based payment	12	5,439	1,907	5,857
<b>Adjusted EBITDA</b>		<b>(7,638)</b>	<b>(6,843)</b>	<b>(9,397)</b>
Development expenditure capitalised		(2,307)	(2,442)	(4,910)
<b>Adjusted EBITDA including development expenditure</b>		<b>(9,945)</b>	<b>(9,285)</b>	<b>(14,307)</b>

## 7. Loss per share

### a Basic loss per share

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

	Six months ended 30 June 2019 (Unaudited) \$'000	Six months ended 30 June 2018 (Unaudited) \$'000	Year ended 31 December 2018 (Audited) \$'000
<b>Loss for the period attributable to ordinary shareholders</b>	<b>16,661</b>	11,276	18,593
<b>Weighted average number of ordinary shares</b>	<b>Number of shares '000s</b>	Number of shares '000s	Number of shares '000s
Issued ordinary shares at 1 January 2019	42,523	40,904	40,904
Effect of shares issued in the period	1,903	477	828
<b>Weighted average number of ordinary shares during the period</b>	<b>44,426</b>	41,381	41,732
<b>Basic loss per share</b>	<b>\$0.38</b>	\$0.27	\$0.45

### 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:

	Note	Six months ended 30 June 2019 (Unaudited) \$'000	Six months ended 30 June 2018 (Unaudited) \$'000	Year ended 31 December 2018 (Audited) \$'000
<b>Adjusted loss for the period:</b>				
Loss for the period attributable to ordinary shareholders		16,661	11,276	18,593
<b>Adjusted for:</b>				
Exceptional items		(78)	1,206	2,793
Equity-settled share-based payment	12	(5,439)	(1,907)	(5,857)
<b>Adjusted basic loss for the period</b>		<b>11,144</b>	10,575	15,529
<b>Adjusted loss per share</b>		<b>\$0.25</b>	\$0.26	\$0.37

### c Diluted loss per share

Due to the Group having losses in all periods presented, the fully diluted loss per share for disclosure purposes, as shown in the Condensed 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

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
	\$'000	\$'000	\$'000
<b>Due in more than a year:</b>			
Other receivables	228	241	240
Accrued income	2,173	1,401	2,340
<b>Total other non-current assets</b>	<b>2,401</b>	<b>1,642</b>	<b>2,580</b>

## 9. Trade and other receivables

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
	\$'000	\$'000	\$'000
<b>Due within a year:</b>			
Trade receivables	1,092	1,231	1,810
Other receivables	716	684	1,059
Accrued income	2,863	2,110	2,654
Corporation tax	468	527	1,304
Prepayments	948	829	572
<b>Total trade and other receivables</b>	<b>6,087</b>	<b>5,381</b>	<b>7,399</b>

## 10. Loans and borrowings

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>			
Unsecured bank loan	1,389	3,084	-
Finance lease liabilities	1,461	149	98
	2,850	3,233	98
<b>Current liabilities</b>			
Current portion of unsecured bank loan	1,667	1,667	3,889
Current portion of finance lease liabilities	528	98	101
	2,195	1,765	3,990
<b>Total loans and borrowings</b>	<b>5,045</b>	<b>4,998</b>	<b>4,088</b>

At 30 June 2018, the \$3.1m of bank loan (31 December 2018: \$3.9m) represents term debt drawn down with Silicon Valley Bank. The facility comprised \$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.

## 11. Deferred income

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

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
	\$'000	\$'000	\$'000
<b>Deferred income which falls due:</b>			
Within a year	2,703	3,315	3,041
In more than a year	2,016	1,315	1,277
<b>Total deferred income</b>	<b>4,719</b>	<b>4,630</b>	<b>4,318</b>



## 12. Share-based payment

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

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

	Six months ended 30 June 2019 (Unaudited) \$'000	Six months ended 30 June 2018 (Unaudited) \$'000	Year ended 31 December 2018 (Audited) \$'000
<b>Total equity-settled share-based payment charge</b>	<b>5,439</b>	1,907	5,857

### Summary of share options outstanding

	Six months ended 30 June 2019 (Unaudited) Number	Six months ended 30 June 2018 (Unaudited) Number	Year ended 31 December 2018 (Audited) Number
<b>Number of share options outstanding:</b>			
Balance at the start of the period	4,662,070	4,901,699	4,901,699
Granted	834,216	220,000	1,649,257
Forfeited	(91,779)	(187,841)	(269,824)
Exercised	(112,187)	(898,982)	(1,619,062)
<b>Balance at the end of the period</b>	<b>5,292,320</b>	4,034,876	4,662,070
<b>Exercisable at the end of the period</b>	<b>2,531,533</b>	1,877,947	1,823,334
<b>Vested at the end of the period</b>	<b>2,531,533</b>	1,877,947	1,823,334

## 13. Contingent liabilities

The Group had no contingent liabilities at 30 June 2019 (30 June 2018: None, 31 December 2018: None).

## 14. Post-balance sheet events

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