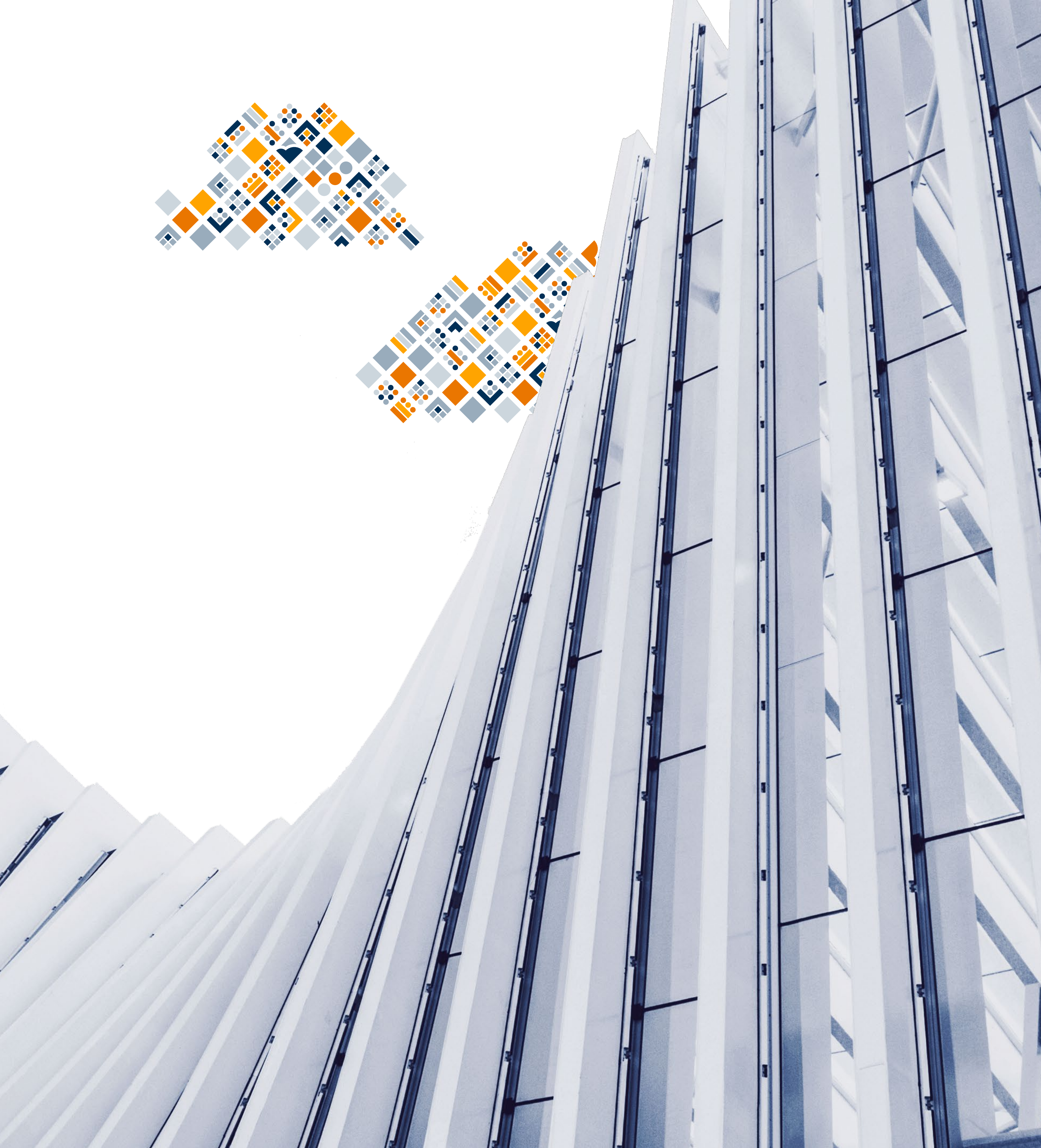
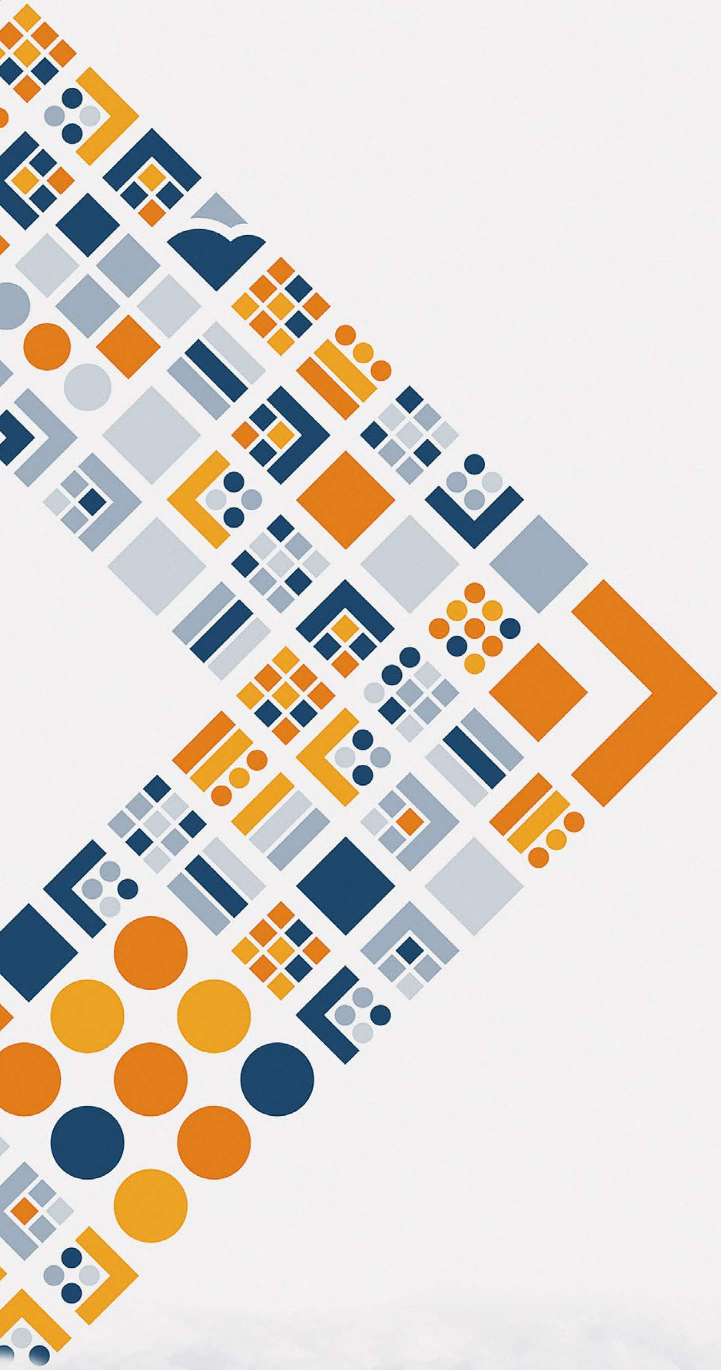
WANdisco plc

Annual Report and Accounts 2020

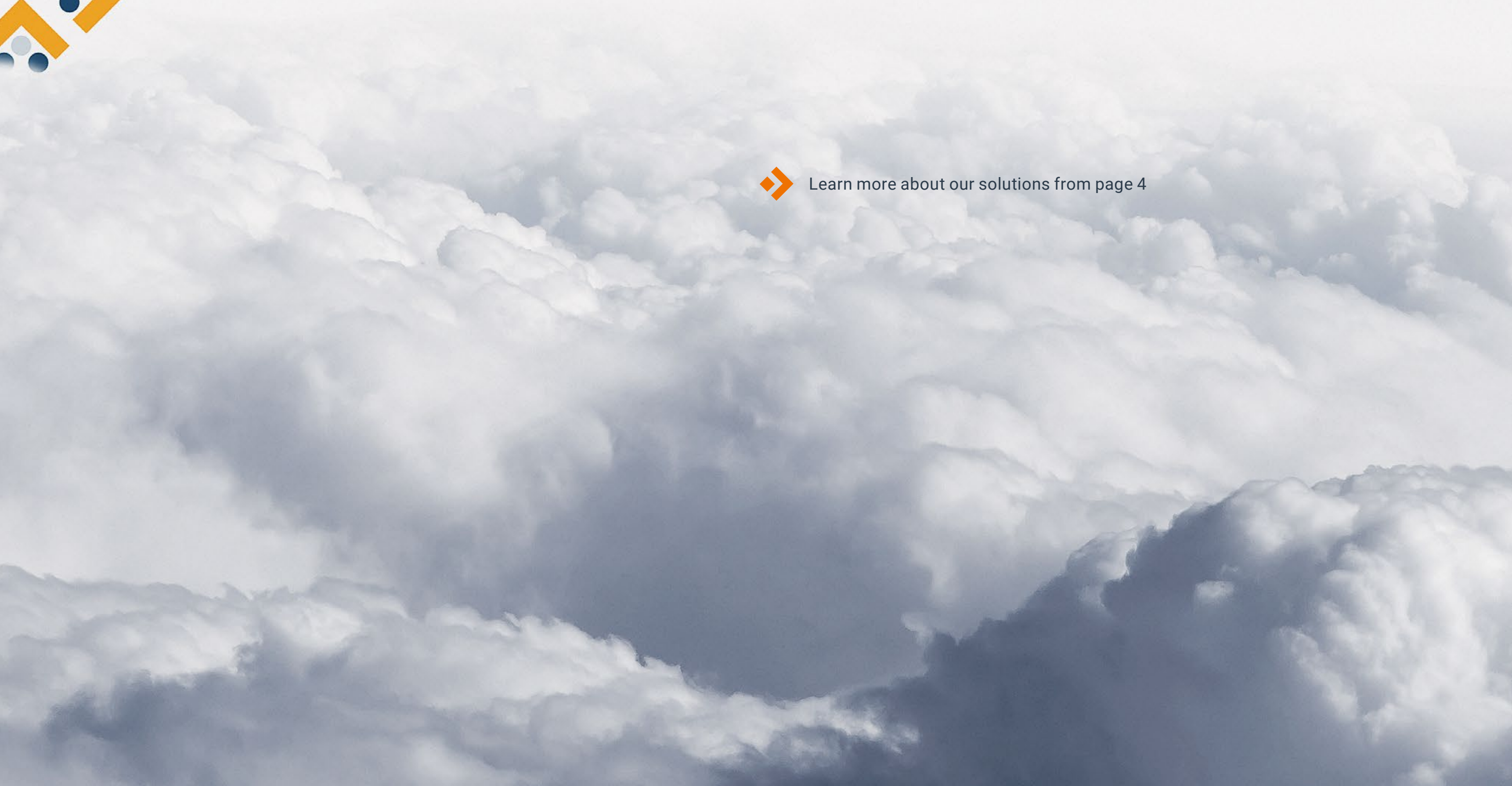




WANdisco is the LiveData company

WANdisco solutions enable enterprises to create an environment where data is always available, accurate and protected, creating a strong backbone for their IT infrastructure and a bedrock for running consistent, accurate machine learning applications. With zero downtime and zero data loss, WANdisco's products keep geographically dispersed data at any scale consistent between on-premises and cloud environments allowing businesses to operate seamlessly in a hybrid or multi-cloud environment.

WANdisco has over a hundred customers and significant go-to-market partnerships with Microsoft Azure, Amazon Web Services, Google Cloud, Oracle, and others, as well as OEM relationships with IBM and Alibaba.



Learn more about our solutions from page 4

Reasons to invest in WANdisco

Innovative technology

Our technology is based on a patented, high-performance coordination engine

$9.0m

development spend

Learn more about our innovative technology from page 12

Significant opportunity

Our addressable market is expanding

$1bn–$1.5bn

total addressable market

Learn more about our significant opportunity from page 9

Talented people

We have an exceptional pool of talent and we are committed to excellence

180

employees at 31 December 2020

Learn more about our talented people from page 12

Strong partnerships

Significant go-to-market partnerships with Microsoft Azure, Amazon Web Services, Google Cloud, Oracle, Databricks and top Systems Integrators as well as OEM relationships with IBM and Alibaba

28

partner relationships

Learn more about our strong partnerships from page 12

Contents

2020 highlights

Financial highlights

Revenue ($m)
$10.5m

Year	Revenue ($m)
20	10.5
19	16.2
18	17.0
17	19.6
16	11.4

Cash overheads ($m)[1]
$36.9m

Year	Cash overheads ($m)
20	36.9
19	31.7
18	29.8
17	24.5
16	23.4

Adjusted EBITDA ($m)[2]
$(22.2)m

Year	Adjusted EBITDA ($m)
20	(22.2)
19	(11.7)
18	(9.4)
17	(0.6)
16	(7.5)

Statutory loss for the year ($m)
$(34.3)m

Year	Statutory loss ($m)
20	(34.3)
19	(28.3)
18	(19.7)
17	(13.5)
16	(9.3)

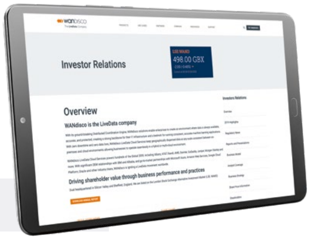
Cash ($m)
$21.0m

Year	Cash ($m)
20	21.0
19	23.4
18	10.8
17	27.4
16	7.6

Note: Throughout this document, alternative performance measures have been used which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See Note 5 for details.

1 Operating expense adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 9 for a reconciliation.

2 Operating loss adjusted for: depreciation, amortisation and equity-settled share-based payment. See Note 9 for a reconciliation.



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February 2020

Announced Microsoft product in private preview

March 2020

Contract worth $1m with a division of one of the world's largest media and telecommunications companies

June 2020

Microsoft Azure LiveData Platform launch

Secured a global reseller agreement with a large global systems integrator

Won a contract with one of the world's largest airlines to migrate analytical data to the Microsoft Azure cloud

Successful share subscription raising $25m gross funds

Operational and strategic highlights

- Go-to-market launch of LiveData Platform for Azure in Q4 2020:
  - Microsoft's preferred data lake migration solution, appearing as a native Azure service with metered billing. Delivering self-service data lake migration with zero downtime, disruption and risk
  - Microsoft has estimated a total addressable market of 200–300 exabytes of on-premise analytical data. Targeting migration of >100 petabytes of data in FY21
- Launched LiveData Migrator on Amazon Web Services ("AWS") Cloud and achieved Migration Competency status in Q3 2020:
  - Landmark success with launch customer GoDaddy, seamlessly migrating 500 terabytes of live data featuring 21,000 change operations every second – only possible through WANdisco's solution
  - Providing AWS customers, a no downtime, easy and efficient migration of petabyte scale data lakes to the cloud and targeting migration of >30 petabytes of data in FY21
- Expanded partnerships with data analytics platforms Databricks and Snowflake:
  - Growing opportunity to support machine learning and artificial intelligence in the cloud
  - Post period end announced partnership with Snowflake, to automate, accelerate and simplify the migration of on-premises Hadoop analytics workloads to Snowflake's data platform
- Evolution in 2021 towards consumption-based revenue model – the standard for the cloud ecosystem:
  - With metered billing on Azure, revenue is shifting from a subscription model in which revenue is recognised up front, to a consumption-based model where revenue is recognised over time
- Meaningful commercial momentum with blue chip customers and partners supports FY21 pipeline:
  - Blue chip cloud migration contracts won with: one of the world's largest media and telecommunications companies; one of the world's largest airlines; a major British supermarket; a top three mobile operator; and one of the largest banks in Africa
  - Secured a further $3m contract with one of the world's largest media and telecommunications companies to migrate an initial 13PB Hadoop cluster to Microsoft Azure
  - Signed a global reseller agreement with major systems integrator Infosys focused on migration
  - Integrated LiveData Migrator into IBM's Big Replicate to capitalise on near-term opportunity of enterprises migrating off legacy Hadoop platforms

Overview

July 2020

Deal worth up to $1m with a major British supermarket

New contract win with one of the world's largest insurers

August 2020

Became the first independent software vendor ("ISV") to achieve AWS Competency Status in the area of data migration

September 2020

LiveData Migrator launch with Amazon Web Services

Announced Global Agreement with Infosys

LiveData Migrator launch on G-Cloud 12 marketplace

October 2020

Go-to-market launch of LiveData Platform for Azure

AWS contract with one of the top three mobile operators for $450k

November 2020

New AWS win with large financial services firm

$3m initial Azure contract with major US telecoms company

December 2020

Existing relationship with IBM extended to integrate WANdisco's LiveData Migrator

Consistent data everywhere

Keeping data consistent in a distributed environment is a massive challenge for enterprises. WANdisco LiveData Cloud Services solves the exponentially growing challenge of keeping unstructured data available across diverse IT environments regardless of geographic location, architecture, or cloud storage provider.

Used by enterprises worldwide and endorsed by Microsoft Azure and Amazon Web Services for Hadoop migration and replication, our technology is based on a patented, high-performance coordination engine which uses consensus to keep Hadoop and object store data accessible, accurate, and consistent in different locations across any environment – on-premises, hybrid-cloud, multi-region and multi-cloud. WANdisco is the foundation for a modern cloud data strategy – a LiveData strategy – because it prevents data disasters, de-risks data migration to the cloud, and simplifies hybrid and multi-cloud data management.

WANdisco LiveData overview

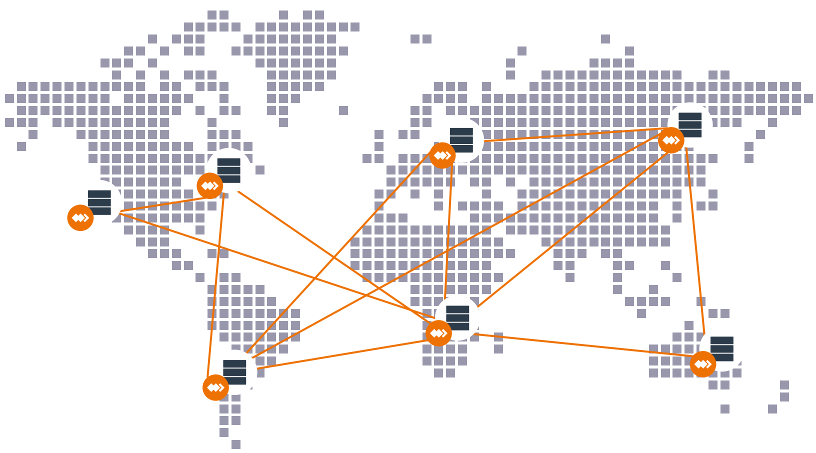
Protects customers' investment
No downtime, no outages, and no risk with guaranteed near-zero RTO and RPO.

Transforms IT economics
Create a bedrock for performance by fully utilising hardware previously reserved for backup and recovery.

Break through legacy constraints
Put all customers' data to work for the business and innovate without worrying that IT investments will be left behind.

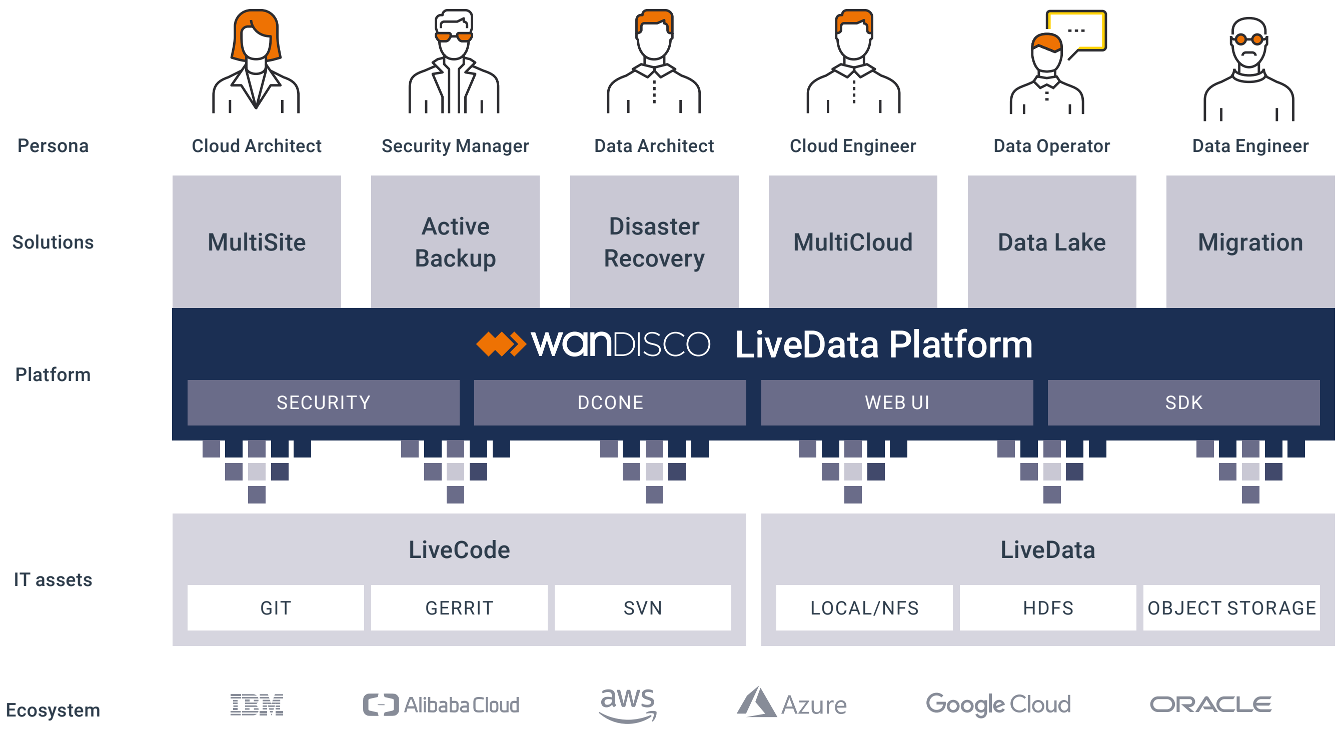
LiveData strategy

WANdisco makes data globally accessible and consistent everywhere with a LiveData strategy. Alleviating the challenges of siloed data, a LiveData strategy ensures that enterprise data stays accurate, accessible, and consistent across your global IT environment. With a LiveData strategy, every user and every application has always-available data, regardless of geographic location, data platform architecture, or cloud storage provider.



A platform for any IT architecture

Geo-distributed data doesn't need to slow down digital transformation



David Richards, Chairman and CEO

Making significant progress

2020 highlights

- Go-to-market launch of LiveData Platform for Azure in Q4 2020.
- Launched LiveData Migrator on Amazon Web Services ("AWS") Cloud and achieved Migration Competency status in Q3 2020.
- Meaningful commercial interest and momentum with blue chip customers and partners support FY21 pipeline.

“

In 2020 we achieved our primary strategic goal of launching our LiveData Platform for Microsoft Azure as a native offering – becoming deeply embedded into the cloud fabric as Microsoft's preferred data lake migration solution. In addition, we launched LiveData Migrator on AWS and became the only vendor to achieve Migration Competency status, positioning WANdisco as the global standard for cloud migration to AWS. These milestone achievements position WANdisco for significant scalable growth in FY21.

David Richards
Chairman and CEO

In 2020, we delivered on our primary strategic goal of launching LiveData Platform for Microsoft Azure, with joint go-to-market activity with Microsoft from October 2020, firmly establishing WANdisco as part of the global cloud fabric. A new Azure service, the LiveData Platform for Azure, allows customers to use our software as if it were a native Azure offering. As an Azure service, customers can deploy WANdisco's LiveData products by selecting it from the same Azure menu used for native Microsoft services such as compute and storage, with metered billing added on their existing monthly Azure payments. No software to install, no new contracts to sign, no barrier to entry.

Our LiveData Migrator product also launched on AWS in September 2020. AWS launch customer GoDaddy had a data set that was considered impossible to migrate to the cloud with a data set featuring 21,000 change operations every second. WANdisco was able to migrate GoDaddy's target 500 terabytes of live data in a single scan – a landmark achievement for the Group and the unique LiveData Migrator product.

In September 2020 we signed a reseller contract with Infosys, a major global systems integrator with a large cloud migration practice. Our new LiveData Migrator product will unlock a previously difficult to service market for them for large, on-premises to cloud migrations as well as our LiveData Platform providing hybrid and inter cloud data consistency solutions.

WANdisco continued to build customer momentum heading into Q4 2020, securing a large $3m further contract with one of the world's largest media and telecommunications companies in November 2020. Other significant contracts included major blue chip organisations such as a large media company, a British supermarket chain, and a major bank in the Southeastern US.

Post period end in March 2021, the Group completed a successful fundraising of $42.5m, to accelerate and strengthen the Group's commercial position by building balance sheet strength in order to capitalise on future opportunities to further scale the business, including expand opportunities with other cloud vendors such as AWS and Google (GCP), provide capital to accelerate growth and pursue closer ties with Machine Learning and Artificial Intelligence ("ML/AI"), Independent Software Vendors ("ISVs") and widening its System Integrator ("SI") relationships; and provide capital for greater enablement support for the early stages of growth as the Group's relationships with current SIs deepen.

On 11 March, the Group also announced a LiveData Migrator partnership with Snowflake, the data cloud company, to automate, accelerate and simplify the migration of on-premises Hadoop analytics workloads to Snowflake's data platform. The partnership opens a new distribution channel for WANdisco with Snowflake's c.4,000 customers and significant market share of Fortune 500 customers. The future of analytical data, machine learning and artificial intelligence is in the cloud, building a medium-term opportunity for the Group supporting the likes of Databricks and Snowflake across the entire data lifecycle.

With WANdisco now deeply integrated into the cloud fabric, the Group is well positioned to scale significantly and to convert the pipeline of opportunities ahead. More so than ever following the COVID-19 pandemic, the cloud is where all businesses must operate and WANdisco now stands as the de facto standard for cloud migration for petabyte scale blue chip data sets, delivering self-service migration at any scale, with zero business disruption, zero risk and best time to value. WANdisco enters FY21 with an unparalleled solution, deeply embedded into the world's largest cloud ecosystems and with the experience and financial platform to convert on a vast market opportunity.

The Group also announced its intention to consider the potential value creation provided by a US market listing, offering access to a greater pool of capital in the region where many of the Company's investors reside, alongside an increased profile in the US with its commercial partners. While the Group continues to be committed to the AIM market which has supported WANdisco's growth to date through access to capital, the scale of the opportunity ahead and increasing US concentration of both customers and investors provides a compelling rationale to pursue a potential US listing.

KPIs to map shift to consumption-based revenue model

Group revenues have historically been typified by subscription contracts in which revenues are recognised up front. With the introduction of metered billing on Azure, WANdisco has begun a shift to a consumption-based model. Consumption is the true SaaS, with customers expecting to purchase on a consumption basis within the cloud ecosystem through metered billing.

To effectively build consumption revenue streams, sales compensation must also be changed to incentivise the activation of customers and the early commitment of customers to build consumption through the year, as opposed to a single point of sale.

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

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

As our business continues to evolve, the metrics we use to measure our success also need to change. To aid in mapping pipeline progress against this changing revenue model, we will provide a business update in the short term providing new KPIs (in addition to the existing revenue and subscription as a % of revenue KPIs) including:

- Number of customer wins
- Notional MRR (metered plus an estimate of subscription revenue as MRR)
- Retention rate (% of customers using the product vs. those using a year earlier)

The objective of these KPIs is to provide an indication of the rate of conversion of the cloud migration opportunity ahead, to account for revenues being recognised later in the sales cycle and financial year through metered consumption.

Outlook

Our cloud platform, System Integrator, and ISV partners have recognised the huge opportunity of moving Hadoop data into the cloud. With the changing dynamics in the Hadoop on-premises market, and companies seeking to leverage cloud economics and scalability, the time to capitalise on this opportunity is now. The creation of a native Azure service with our technology provides a platform to capitalise on that opportunity, taking advantage of billing and technical integrations. With the go-to-market launch of LiveData Platform for Azure, we can execute against the growing pipeline of opportunities to move data at scale into the cloud without an interruption to service.

Outside of Azure, we are also seeing growing demand from our other cloud partners, in particular AWS, as the need to capitalise on the cloud and move on-premises workloads becomes a business imperative. The Board's confidence in our outlook is built upon the convergence of the market opportunity, product readiness, and deepening commitments from our partners.

For FY21, we expect to migrate in excess of 100PB of data to the Azure cloud (with more than 50 customers signed over the year) and greater than 30PB into the AWS Cloud. Combined with the flow of metered billing from Q4 2020 this year we expect a minimum revenue of $35m in FY21.

David Richards
Chairman and CEO
4 May 2021

COVID-19 update

The global nature of the COVID-19 virus has resulted in macroeconomic uncertainty. The impact of COVID-19 in certain geographies has prompted a reassessment of credit risk and the realisation of certain receivables. Where appropriate, an estimate of the potential impairment of these receivables has been made. The impairment of these receivables is not material to the liquidity of the Group. Due to the uncertainty of the impact of COVID-19 and related governmental restrictions, management intends to review credit risk related to these impacts at each reporting date.

We expect that the launch of products with Microsoft and AWS will overcome any short-term headwinds from the economic uncertainty surrounding the impact of COVID-19. With the exception of the impairment of certain receivables discussed above, we have experienced minimal effects to our customer base and order flow, and have not reduced employee-based costs.

Read more on our COVID-19 case study on page 21

Enterprise data and application modernisation requires WANdisco

Business success now depends on how effectively organisations utilise their data. To do so companies are modernising their data and application architecture, and moving their Hadoop deployments to the cloud to take advantage of cloud analytics solutions like Databricks, Snowflake, Azure Synapse and Amazon EMR.

In the cloud, companies can take advantage of inexpensive, scalable storage and compute platforms leveraging an OPEX model. Cloud service providers ("CSPs") are able to spin massive compute clusters up or down automatically, helping organisations optimise costs and reduce the need for people with deep expertise in managing such deployments. CSPs have also enhanced their big data solutions providing greater functionality over native Hadoop offerings, and greatly simplifying the complexities for organisations having to manage their own Hadoop implementations.

While the move to the cloud and machine learning-enabled cloud analytics is making companies more competitive, lean and nimble, there are very few big data migrations that can be switched overnight from an on-premises to a public cloud platform without significant business risk.

Migrating a petabyte scale data lake to the cloud with no business disruption, while keeping massive volumes of data consistent with the on-premises platform, presents complex technical challenges and can require many IT resources, resulting in high costs or potential project delays. These risks are pervasive in manual data migration projects and are preventing some organisations from executing their big data to cloud migration due to their fear of lost productivity and revenue.

This presents a significant and unique opportunity for WANdisco. Only WANdisco's LiveData capabilities deliver zero downtime during migration, zero data loss and 100% data consistency even while data sets are under active change. These capabilities will be essential for successful big data to cloud transformations.

Market trends

According to Gartner, Hadoop deployments in the cloud increasingly use cloud-based object stores; 57% of Gartner Data & Analytics adoption survey respondents are already using cloud object storage and 39% are planning to within the next two years. This trend has only been accelerated due to the pandemic.

Top four reasons cited by WANdisco survey respondents for migrating data to the cloud include:

1. Adopt scalable cloud storage
2. Cloud analytics
3. Disaster recovery
4. Hybrid cloud enablement

38% of WANdisco survey respondents indicated they have not yet started to migrate data to the cloud. The #1 reason given was fear of lost productivity.

Total addressable market

We modelled to 4–6 exabytes of data

$1bn–$1.5bn

Estimated exabytes by Microsoft of on-premises analytical data based on the market for hardware

200–300

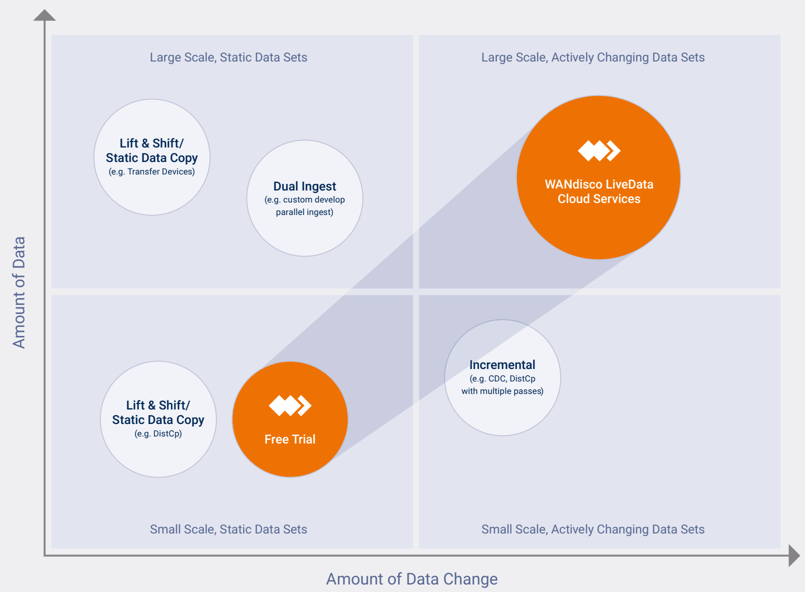
For every $1 to WANdisco in cloud services, so all cloud platforms are very incentivised to work with us

~$5–$10

Strategic report

Uniquely positioned

- Only WANdisco LiveData can handle both dimensions
  - Any data volume
  - Any amount of data change
- Other approaches introduce risk resulting in failed projects
  - Assume static data and thus require system downtime
  - Require multiple passes of source data, may be impossible to catch up with all data changes
  - Resource intensive, time consuming and costly
  - Results in bad user experience



Use cases

Hadoop to Cloud

According to Gartner, more than

50%

of data migration initiatives will exceed their budget and timeline – and potentially harm the business – because of flawed strategy and execution.

WANdisco survey respondents indicated that the top-three items driving their data migration costs are:

1. Create, manage, schedule and maintain custom scripts
2. Manually bring data back into sync
3. Manual intervention for anticipated failures

Manual approaches are fraught with business risk. WANdisco's automated approach greatly reduces the business risk and potential for budget overruns with zero downtime, zero data loss and 100% data consistency.

Hybrid Cloud

IDC estimates

80%

of new application deployments will include a hybrid cloud component.

WANdisco's LiveData capabilities enable true hybrid architectures.

Existing on-premises environments can be used as disaster recovery sites, and also continue to be used for production workloads along with the new cloud environments.

WANdisco's LiveData capabilities ensure data is kept consistent across all environments even while under active change.

MultiCloud

Gartner indicates

80%

of respondents using public cloud are using more than one cloud service provider ("CSP").

Gartner recommends data and analytics leaders: "Do not try to restrict the use of multiple clouds; it will be a losing battle."

All trends indicate that multi-cloud deployments will continue to become more prevalent, and integration across clouds will be essential.

WANdisco LiveData for MultiCloud is the ideal solution to this challenge. It enables applications to access and modify data in mixed environment object stores (e.g. Azure Data Lake Storage, Amazon S3 and Google Cloud Platform) ensuring data is available and consistent across all of them.

Enabling a data-first approach for enterprise cloud adoption

Typically, we see organisations follow three stages in their big data cloud adoption. The stages promote a data-first approach to migration which aligns with the strategy Microsoft and others are promoting. Without the data, the application migration becomes a pointless exercise.

Non-blocking migration to the cloud

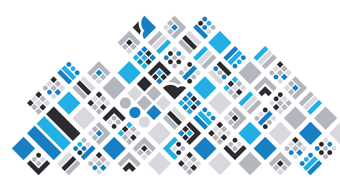
LiveData Migrator

The first stage is to move on-premises data to the cloud to implement a modern data architecture and take advantage of all the benefits of the cloud as described on the previous pages. WANdisco LiveData Migrator enables organisations to do so while greatly reducing their business risk with zero downtime, zero data loss and 100% data consistency even while data sets are under active change.

LiveData for hybrid architecture

LiveData Plane

Once the initial data migration has taken place, many customers are choosing to utilise a hybrid architecture where both the existing on-premises environment and new cloud environment are actively used. With WANdisco's LiveData capabilities organisations are able to ensure their data is kept consistent across the on-premises and cloud environments.



MultiCloud

LiveData for MultiCloud

Although many companies are already using more than one CSP, most are currently using them for different applications and have not truly integrated the data across those environments. Gartner has pointed out that integration of data across clouds is a "deep challenge", but that data and analytics leaders must prepare for the complexities. This is a significant long-term opportunity, and WANdisco LiveData for MultiCloud is the ideal solution enabling applications to access and modify data in mixed environment cloud object stores.

Case study

GoDaddy

GoDaddy utilises an 800-node Apache Hadoop cluster to hold over 2.5 petabytes of customer-related activity and behaviour data. This on-premises data lake is critical for guiding business operations and determining the company's investment strategies. The system is in operation 24x7. It can generate peak loads of more than 100,000 file system events per second, with sustained twelve-hour periods processing an average of over 21,000 change operations every second.

Objective

While the on-premises data lake is business critical, it is ageing and running on an old version of Apache Hadoop. GoDaddy wanted to modernise the implementation by migrating the data to Amazon Web Services ("AWS") to take advantage of the modern tooling and analytics capabilities available on AWS, and mitigating the risks and costs associated with maintaining the on-premises Hadoop cluster and the underlying hardware.

Challenge

The challenge for GoDaddy was how to migrate petabytes of actively changing "live" data when the business depends on the continued operation of applications in the cluster and access to its data. Any disruption to business operations would be unacceptable and may have prevented a migration from even being attempted.

Solution

GoDaddy used WANdisco's LiveData Migrator to migrate data from their actively used cluster to AWS S3. LiveData Migrator enabled GoDaddy to perform their migration without disrupting business operation, and ensured that data sets were transferred completely, even while under active change in a very large and busy Hadoop environment.

Results

- Using LiveData Migrator, GoDaddy achieved their initial migration goal — to migrate 500TB (over 8.6 million files) of the 2.5PB to AWS S3
- Completed the migration process while maintaining normal business operations at all times
- Reduced cost and risk of custom data migration development, enabling engineers to focus on other business-critical tasks
- Established a new environment using AWS where GoDaddy plans to leverage AWS S3, EMR, Athena and other AWS services to achieve the following:
  - Lower risk by moving off current ageing hardware
  - Meet SLAs for critical ETL processing requirements
  - Create a better experience for their users through faster queries
  - Greater agility by putting more data and flexible compute in the hands of data consumers
  - Improved operational efficiency by alleviating the burden of managing the large and complex on-premises hardware and software infrastructure

> At GoDaddy, deep technical knowledge is in our DNA, and we often build applications in house to support growth. In the use case of a Hadoop to Amazon S3 data migration and replication, we found WANdisco's LiveData Migrator to be the optimal approach to deliver the best time to value, rather than running a more time-consuming and costly manual migration project internally.

Wayne Peacock
Chief Data and Analytics Officer, GoDaddy

Secured strong platform for growth

Our foundational technology ensures that an organisation's data is always available, always accurate and always protected – wherever it is located and at any scale.

Our strengths

Talented people

Our development team has strong domain experience and knowledge in algorithm design and information network security.

Innovative technology

The WANdisco LiveData platform is built on unique, patented technology.

Strong partnerships

We have developed a strong network of partnerships to facilitate sales generation through our OEM partners and co-sell arrangements.

Significant opportunity

Significant TAM.

Read about our partnerships from page 14

Read more about our markets from page 8

Our business

Our DConE technology

Our game-changing, patented DConE technology, used in WANdisco LiveData Plane and our other products, uses consensus to keep unstructured data accessible, accurate and consistent in different locations.

WANdisco LiveData

WANdisco enables a LiveData strategy, which ensures data stays accurate and consistent across all business application environments, regardless of geographic location, data platform architecture or cloud storage provider.

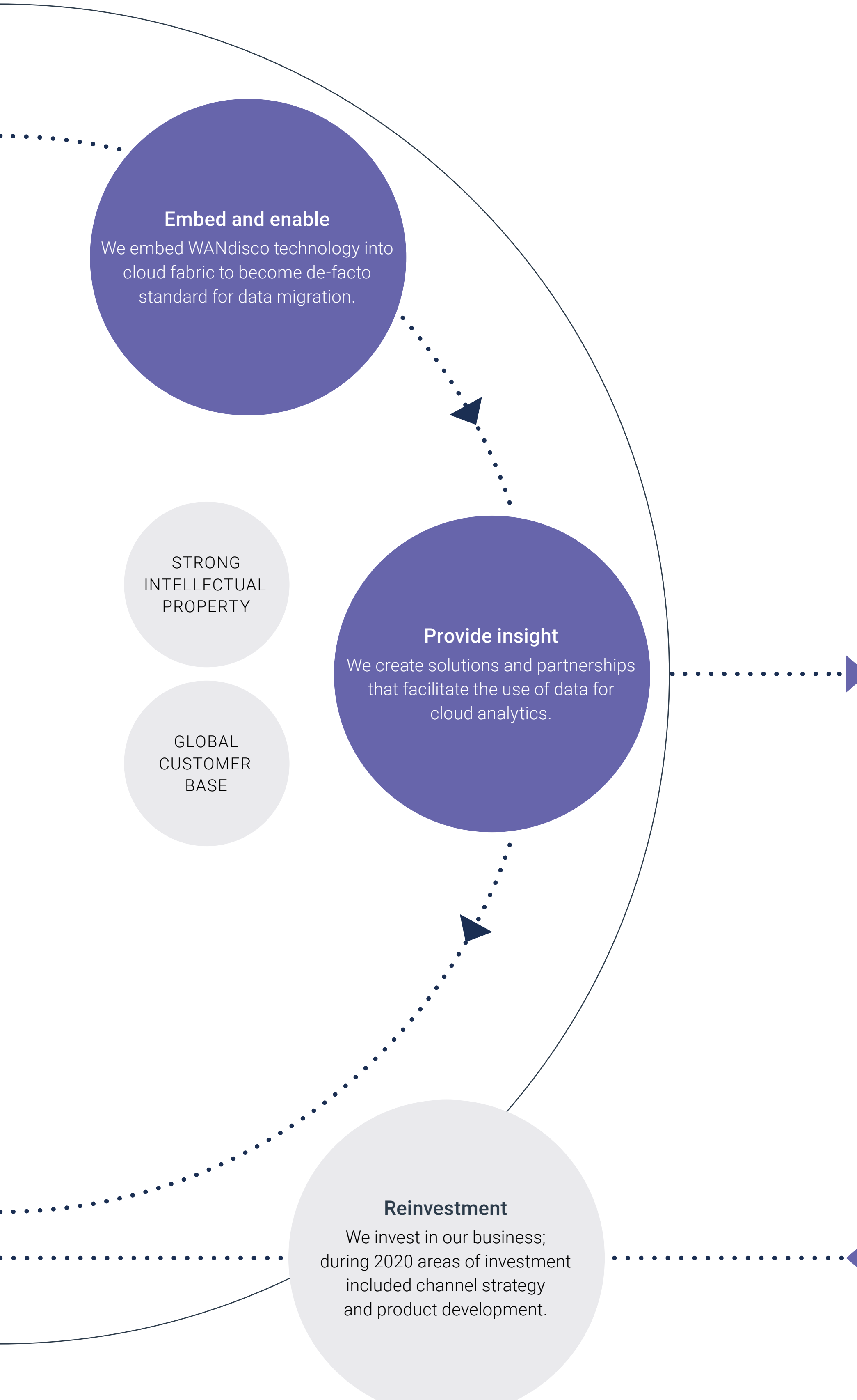
Our strategy

We are accelerating the speed to market of solutions co-developed with our partners and exploring how our technology can address challenges in new technologies such as blockchain.

Our key strengths

EXPERIENCED WORLD-CLASS LEADERSHIP TEAM

SIGNIFICANT SALES RELATIONSHIPS



Creating value

For customers

The ability to put all their data to work for their business all the time, at any scale.

$9.0m

investment in new technology

For employees

The growth of the business has provided many opportunities for existing and new colleagues and we continue to invest in developing and retaining our people and strengthening the team.

180

employees

For partners

We have an expanding network of partners and system integrators, all of which are dedicated to meeting the needs of our customers.

28

partners and system integrators

Read more about our KPIs on page 20

Read more about our strategy from page 16

Deepening partnerships

Together with our partners, we are growing, innovating and investing in ways to help customers transform their businesses with WANdisco solutions. In 2020 we made significant investments in our partner ecosystem to help capture the multi-billion Hadoop to cloud migration market, moving the Company from 10% to over 50% revenue with partners.

To enable a partner-first strategy, we focused on three areas:

1. **Launching an easy-to-use, turnkey product in LiveData Migrator and LiveData Migrator for Azure:** LiveData Migrator for Azure is a first of its kind native Azure service, co-developed with Microsoft, which can be deployed simultaneously with other Azure services with an equivalent user experience. LiveData Migrator on AWS is the only ISV to achieve migration competency for Hadoop to AWS.

2. **WANdisco launched the LiveData Partner Network:** This state of the art partner platform built with simplicity and ease of use as its cornerstone was launched in October 2020. We focused on creating a world-class program built on a leading PRM system that simplifies contracting and onboarding processes for our partners. We have dozens of partners engaged, accessing the portal for free training and certification, enablement resources, marketing campaigns, and of course deal registration.

3. **Finally we've empowered a Channel-first mentality throughout the organisation:** We've changed the mind-set of our field from a "direct" to a "channel" focus. This was driven from the Boardroom across the organisation.

Microsoft

Gold Microsoft Partner Microsoft

About the partnership

WANdisco's partnership with Microsoft helps customers migrate data to the Microsoft Azure cloud rapidly and easily, and exploit the power and capabilities of the Microsoft Azure environment.

2020 update

- Microsoft Gold Partner
- Go-to-market launch of LiveData Migrator for Azure ("LDMA"). LDMA is a core Azure service, leveraging the same security, billing, and experience as other native Azure services
- Identified as the preferred solution for Hadoop migrations to Azure

AWS

About the partnership

WANdisco helps customers quickly leverage the benefits and capabilities of AWS, with proven data migration and analytics to AWS, S3, EMR, Athena, Snowflake, and Databricks.

2020 update

- Advanced tier ISV Migration competency partner
- Part of the Migration Acceleration Program ("MAP") for Storage
- Part of the EMR Migration Program ("EMAP")
- Part of the Migration Acceleration Program

Databricks

About the partnership

The combination of WANdisco LiveData Migrator and Databricks Delta Lake accelerates cloud adoption and modernises big data analytics.

2020 update

- LiveAnalytics for both Azure and AWS, an integrated solution with Databricks
- LiveDeltaLake for Databricks across multiple cloud environments
- Joint GTM, field enablement, and account mapping with Databricks Business Development, Sales, and Marketing teams

System integrators and distributors

Our turnkey solutions and comprehensive LiveData Partner Network, both launched in 2020, make it easy for partners to engage with WANdisco. WANdisco works with consulting and System Integrator ("SI") partners which provide expertise, technology skills and solutions that better enable customer success. Our partners can quickly move to market with WANdisco due to their existing Hadoop experience and understanding of the needs of the Hadoop community. WANdisco partners synergistically have existing relationships with clients and client providers to which they provide cloud services such as cloud-scale analytics, digital transformation initiatives, big data migration, backup, disaster recovery and high availability.

2020 update

- Focus on a handful of key strategic SIs to build joint service offerings, launch joint GTM activities, and closely align our sales, post-sales, and customer success teams
- Support regional and niche partners in the broader partner ecosystem through our partner portal. In 2020 over two dozen Partner companies leveraged the free self-service enablement, training and marketing support of the LiveData Partner Network (launched in October 2020)
- Simplified onboarding, contracting processes for all partners

Recruit → Ready → Engage

Focusing and delivering on our strategic initiatives

Strategic initiative	Importance	2020 achievements
1 Deepening partner relationships	The channel partnerships we have established are significant as: • they provide WANdisco with access to vast sales teams, adding significant global and horizontal market reach; • they allow us to drive more revenue at lower cost; and • their endorsement of WANdisco LiveData strengthens our brand and our portfolio of partners. We continue to seek opportunities to expand our sales channels.	• Improved partner status with Microsoft by embedding LiveData Platform in Azure with go-to-market launch; • The first independent software vendor to achieve AWS Competency Status in the area of data migration; • Global reseller agreement with Infosys; • LiveData Migrator launch on G-Cloud 12 marketplace; and • Existing relationship with IBM extended to integrate WANdisco's LiveData Migrator into IBM's Big Replicate solution.
2 Continued technology development	WANdisco's technology solves critical data management challenges across cloud computing and Big Data for enterprise customers and their service providers. Our product is a platform for any IT architecture. We identify development projects that will enhance our technology and increase its ease of use and functionality for customers and end users, and we listen to existing customers and potential customers and our channel partners for future requirements.	• Microsoft Azure LiveData Platform launch.
3 People development	We want to provide an environment where we attract, retain, develop and enable all our people to demonstrate, grow and apply their capabilities, offering opportunities for everyone to reach their potential.	• Enhanced our management team with several key senior hires in marketing, sales, engineering and customer success; • Provided new opportunities internally resulting in a number of internal job moves and promotions; and • Enhanced our benefits package to employees globally.

KPI link:

1 Revenue

2 Cash overheads

3 Subscription as a % of revenue

Priorities for 2021	Link to KPIs
• Focus on new partner channel and their development; • Expand channel account manager model; and • Expand partner channel further.	1 2 3
• Capitalise on Azure LiveData Platform opportunity; and • New products launched to expand addressable market.	1
• Continue to develop our team with internal job moves and promotions; and • Enhance our team with quality new external hires.	1 2

Read about how we manage risk from page 22

Find our KPIs on page 20

Summary of 2020 achievements

Overview

In 2020, WANdisco announced a milestone with over 150 LiveData customers and 200 petabytes of data under management, the equivalent of all printed material that has ever been produced. WANdisco's LiveData Migrator became the only hands-off, automated data lake migration service to allow on-premises applications to continue to operate while migrating data under active change. Available to AWS and Google Cloud Platform customers and as a native turnkey service in Microsoft Azure, WANdisco shifted to a channel-first sales model with the launch of its LiveData Partner Network. The exabyte-scale Hadoop to cloud migration opportunity represents more than 100 exabytes of data and thus a multi-billion dollar total addressable market.

2020 demonstrated that cloud plays a vital role in business, and we look forward to continuing to give customers the complete freedom to choose where their data lives within their enterprises' IT infrastructure, free from technological or cost constraints. As we move into 2021 with a solid foundation and expanded sources of revenue, WANdisco seeks to extend its lead within the cloud migration and replication market with an exciting product roadmap, a world-class team and strategic partnerships.

Continuing to invest in developing our strategy

New partners and customers

2020 saw substantial customer and partner growth for WANdisco with the signing of multiple, million-plus dollar deals that have expanded customer reach into new industries. Recent customers include one of the largest global airlines, a worldwide retail franchise, a world leader in telecommunications, a leading media conglomerate and a major UK-based supermarket chain among others.

WANdisco significantly expanded its market reach with its global reseller agreement with Infosys to de-risk and accelerate data lake migration to the cloud. Leveraging Infosys' vast experience and cloud capabilities, WANdisco will help enterprises across the globe migrate their data lakes to major public clouds including Amazon Web Services, Microsoft Azure and Google Cloud Platform.

Using WANdisco LiveData Migrator, GoDaddy achieved their initial goal to migrate 500TB to AWS S3 in 45 days and to take advantage of the cloud provider's modern tooling and analytics capabilities. On average, GoDaddy processed over 21,000 change operations per second with peaks of over 100,000 change operations per second while normal business operations continued uninterrupted, leaving engineers to focus on other business-critical projects like refactoring and moving applications to the cloud.

> WANdisco provided a solution that addressed our cloud migration challenges. This included managing the technical debt inherited by our ageing software and hardware, handling the scale of data that we accumulated over the years, and doing so without impacting our business continuity. We couldn't afford any downtime during the migration process. With WANdisco and AWS, we were able to get up and running in weeks so we could begin experimenting with the new cloud environment very quickly.

Jeremy Zogg
Senior Director of Engineering, GoDaddy

Successful partnerships with leading cloud providers

In 2020, WANdisco deepened its relationship with Microsoft as its LiveData Platform became the first natively integrated service in the Azure Customer Portal. Since its preview began in June 2020, the collaboration between Microsoft and WANdisco has drawn numerous enterprises who have registered for the service within the Azure Portal, offering positive feedback on its efficiency and operation. As part of the Microsoft Hadoop Migration Accelerator program with Databricks, LiveData Migrator for Azure is a fully operational Azure-nature service and is Microsoft's recommended Hadoop to Azure migration platform.

New channel program

Through the new WANdisco LiveData Partner Network portal, cloud service providers, consulting partners, system integrators, ISVs, resellers, and others can leverage WANdisco's LiveData Cloud Services to enable Hadoop migrations at any scale, in addition to a robust set of new sales, marketing, training, certification and support resources to unlock new revenue streams. WANdisco envisions that the partner network will be its biggest growth driver for the Company in 2021, enabling it to quickly expand and scale its business globally. Through these new partnerships, WANdisco will help partners grow their business while providing customers with the tools to accelerate their data and application modernisation plans.

> We see this as a significant growth area. Hadoop is failing to meet a lot of the early expectations. WANdisco is an accelerating technology that we see the value in using to help clients who are currently struggling with – or not getting value out of – Hadoop, to move those workloads they are spending billions on.

Alan Grogan
Executive leader for data platform modernisation at Avanade Europe

LiveData Migrator

WANdisco is changing the future of migration with the 2020 launch of LiveData Migrator. The Company's automated, self-service solution democratises cloud data migration at any scale by enabling companies to start migrating Hadoop data from on-premises to Amazon Web Services ("AWS") or Google Cloud Platform within minutes, even while the source data sets are under active use. With LiveData Migrator, businesses can migrate HDFS data without the expertise of engineers or other consultants. The platform enables enterprises to operate without any production system downtime or business disruption while ensuring the migration is complete and continuous, and any ongoing data changes are replicated to the target cloud environment.

WANdisco gained designation as an Advanced Technology Partner in the AWS Partner Network ("APN") and achieved AWS Migration Competency status with the release of LiveData Migrator. The only ISV certified in the new Workload Mobility for Data Migration, Data Lake Migration category, WANdisco collaborated with AWS to define the requirements to cover different use cases, including Hadoop, storage and database data migration, and mainframe data integration.

> WANdisco LiveData Migrator is as close to a silver bullet as you can find for Hadoop to cloud migrations.
>
> **Merv Adrian**
> Vice President of Data and Analytics, Gartner

Awards

WANdisco's technological accomplishments were recognised within three awards in 2020. It was a finalist for the Stratus Awards in the Cloud Computing category, organised by the Business Intelligence Group, and shortlisted for the Cloud Awards within the category of Best Cloud Migration or Systems Integration Solution. WANdisco was also highly commended at the UK IT Awards for Cloud Innovation Provider of the Year in November 2020.

Product innovation

Product protection: safeguarding our IP

WANdisco's technology continues to be unrivalled in the marketplace. Until we developed WANdisco LiveData Plane, there was no practical or affordable way for companies to keep mass-scale real-time data consistently and continuously replicated across distance.

Our IP – as embodied in WANdisco's DConE and the products we have built from this – is well protected. To date, we have filed more than 53 patents, and 29 have been granted already. We also have a head start of more than 15 years over any potential competition. This early foothold, and the ongoing improvements we are making from experience with real-world applications of our technology at massive scale, continue to ensure our market advantage.

Product plans for 2021 and beyond

Our product strategy will continue to evolve in line with our partner sales strategy, with further enhancements designed to capitalise on the cross-industry opportunities and high-growth use cases we have identified. Our main focus for 2021 will be to accelerate the speed to market of solutions co-developed with or optimised for our strategic partners.

Our KPIs reflect our financial performance in 2020

Commentary on the actual performance of the Group against each of these KPIs is set out in the Chairman and Chief Executive's report and the Financial review.

Strategy link:

1 Deepening partner relationships

2 Continued technology development

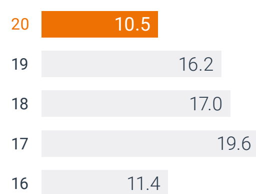
3 People development

New KPIs for 2021

As our business continues to evolve, the metrics we use to measure our success also need to change. For 2021, we expect to provide additional metrics that best represent our business progress. These KPIs include the number of customer wins, notional MRR (metered plus an estimate of subscription revenue as MRR) and retention rate (% of customers using the product vs. those using a year earlier).

Revenue ($m)

$10.5m



Link to strategy

1 2 3

Definition and calculation

Total of all revenue streams generated by the Group.

Why each KPI is important for measuring progress

Measures the Group's revenue which is an indicator of the Group's overall size and complexity and progress of strategic initiatives.

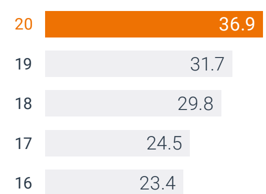
Performance in 2020

Revenue was lower in 2020, reflecting an increased shift to cloud-based revenues with recurring annual revenues and some deals that were delayed to future years.

The decrease in revenue included strong renewals and new contract growth offset by some deals that were delayed into a future period.

Cash overheads ($m)

$36.9m



Link to strategy

1 2 3

Definition and calculation

Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment.

Why each KPI is important for measuring progress

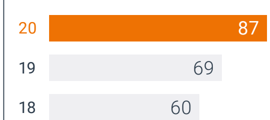
Key measure of the Group's cost base, excluding the effects of certain non-operational/ non-cash items.

Performance in 2020

Cash overheads increased in the year as we continued to make investments in go-to-market resources and engineering. In addition, we invested in our strategic partnerships.

Subscription as a % of revenue

87%



Link to strategy

1 2 3

Definition and calculation

Total subscription revenue (term licences and maintenance and support) as a % of total revenue.

Why each KPI is important for measuring progress

This KPI was introduced in 2019 to measure the shift to cloud-based revenues.

Performance in 2020

Subscription revenue increased as a % of sales due to our ongoing shift towards cloud-based revenue, which is typically annual recurring in nature. We expect this trend to continue in future periods.

Korea Bioinformation Center ("KOBIC")

Objective

The KOBIC collects and manages bio-research resource information and genomic information. In 2020 they began to collect COVID-19 genome data produced worldwide. KOBIC also operates Bio-Express, a large-scale Genomic Data Analysis Cloud service, which they provide for free to bio-engineering researchers at hospitals, businesses, universities and research institutes in Korea.

Challenge

Bio-Express has high-performance data analysis requirements, but the time needed to replicate the large volume of data between their Hadoop Distributed File System ("HDFS") and their Linux/Unix-based Lustre file system was lengthy and impacted Bio-Express response times. KOBIC needed a way to reduce the time required to replicate data and improve the overall system performance.

Solution

In early 2020 WANdisco announced free access to their suite of cloud migration and big data tools, for teams involved in developing potential treatments and cures for the COVID-19 pandemic. WANdisco provided their LiveData Plane software along with technical resources free of charge to KOBIC to assist the organisation in enhancing its architecture, developing products, and introducing WANdisco's automated replication technology into KOBIC's workflow.

Results

Leveraging WANdisco LiveData Plane the Bio-Express next-generation service was able to:

- Replicate files 13 times faster
- Shorten average analysis time of Bio-Express services by greater than 30%
- Provide users with faster response times and the ability to perform their research with greater efficiency

> KOBIC uses the WANdisco LiveData Platform to automate file transfer 13 times faster in both directions between Hadoop-based Big Data Analysis Program Execution Cluster (HDFS) and Linux-based Genomic Analysis Program Execution Cluster (Lustre). We were able to reduce the overall average time to analyse user genomic data of Bio-Express service by more than 30%.

Kun-Hwan Ko
Researcher at KOBIC's Computational Development Team

Assessing and actively managing our risks

The Group's operations expose it to a variety of risks.

Effective risk management aids decision making, underpins the delivery of the Group's strategy and objectives, and helps to ensure that the risks the Group takes are adequately assessed and actively managed.

The Group regularly monitors its key risks and reviews its management processes and systems to ensure that they are effective and consistent with good practice. The Board is ultimately responsible for the Group's risk management.

The risk management process involves the identification and prioritisation of key risks, together with appropriate controls and plans for mitigation, which are then reported to the Board. As with all businesses, the Group is affected by a number of risks and uncertainties, some of which are beyond our control.

The table opposite shows the principal risks and uncertainties which could have a material adverse impact on the Group.

This is not an exhaustive list and there may be risks and uncertainties of which the Board is not aware, or which are believed to be immaterial, which could have an adverse effect on the Group.

Risk management framework

Board

Leadership of risk management, sets strategic objectives and risk appetite and monitors performance

Accountable for the effectiveness of the Group's internal control and risk management processes

Read about corporate governance from page 37

Audit Committee

Delegated responsibility from the Board to oversee risk management and internal controls

Oversees the effectiveness of the Group's internal control and risk management processes

Monitors the independence and expertise of the external auditor

Find the Audit Committee report from page 42

Executive Directors

Communicate and disseminate risk policies

Support and help management to assess risk

Encourage open communication on risk matters

Assess materiality of risks in the context of the whole Group and monitor mitigation and controls

Find the Board of Directors from page 32

People 1 2 3

Risk description	Potential impact	Risk mitigation	Risk change
Our future success depends on retention of senior management and key technical personnel. Whilst much of our proprietary knowledge is documented, our technical experts contribute valuable skills and knowledge and, despite contractual confidentiality agreements, there can be no guarantee that those individuals will not in the future join competitors or establish themselves in competition. During the year the headcount increased from 162 to 180. This movement was a targeted increase in the R&D, sales, marketing and customer support teams to provide investment in our product and sales channel strategy. It is essential that we retain and motivate our workforce and attract the right talent in the case of any replacement and new hires in the future.	This may in turn impact our ability to attract and retain key talent, affecting our achievement of strategic objectives and performance milestones.	Our human resources function oversees employee communications to ensure, given our rapidly developing markets, employees' understanding of our strategic direction enables them to make meaningful contributions to the achievement of our goals. Stock-based compensation has continued to be an important component of retaining, motivating and attracting key talent.	No change

Financing 1 2 3

Risk description	Potential impact	Risk mitigation	Risk change
Our product, LiveData Plane, addresses a still-emerging market in which we have limited forward visibility, and we continued to be a loss-making business in 2020.	This could adversely impact our ability to fund investment in our business to achieve our strategic goals.	Our own and partner sales pipelines continue to grow, and we have continued to build on the OEM relationship established with IBM during 2016 and expanded other partnerships, including Microsoft during 2020. Operating costs increased during the year due to some targeted investment in R&D, sales, marketing and customer support teams. We have prepared a detailed budget and forecasts of the Group's expected performance over a period covering at least the next twelve months from the date of the approval of these financial statements. As well as modelling the realisation of the sales pipeline, these forecasts also cover several scenarios. During the year there was a share subscription for $24.9m of gross proceeds. Also, following the end of the year there was a share raise for $42.5m of gross proceeds. We maintain close relationships with our principal and potential providers of finance and continue to review the need for additional or alternative funding. See also Note 2(b).	Reduced

Strategy link: 1 Deepening partner relationships 2 Continued technology development 3 People development

Competition 1 2 3

Risk description	Potential impact	Risk mitigation	Risk change
There can be no guarantee that competitors will not develop superior products. Competitors may have or develop greater financial, marketing or technical resources, enabling them to successfully develop and market competing products. As the open-source software on which we depend is licensed for free, our ability to sell value-added products may be limited by potential customers opting to rely purely on the underlying open-source software, together with any free extensions that might be developed to address the same challenges that our software resolves.	This could adversely impact market share, growth, revenue, margin and overall profitability.	We protect our intellectual property by securing patents whenever possible. To date, we have filed more than 53 patents, 29 of which have been granted. We continue to dedicate significant resource to the constant enhancement of our core intellectual property. Senior management devotes considerable time and resource to monitoring product releases by potential competitors in the data replication software market. During the year, we have continued to invest in our technologies and there were further new releases of our products.	No change

Channel partner engagement 1 2 3

Risk description	Potential impact	Risk mitigation	Risk change
We are in partnership with an array of vendors that offer on-premises and cloud solutions. Some of these partnerships are relatively new business relationships. There is a risk that we mismanage these relationships or that partners decide not to devote significant sales or product integration resource to our offerings.	This could adversely impact our partner relationships and the success of these relationships.	We have established a customer success team who are focused on supporting our customers and partners, developing new partner relationships and creating new commercial propositions that derive long-term value from these relationships.	No change

Resource allocation and operational execution 1 2 3

Risk description	Potential impact	Risk mitigation	Risk change
We address a significant and rapidly growing market, but, as a small company, we have limited people and capital resources. Over time it will be essential to keep adding to and refreshing this resource, but always it will remain essential that we ensure that resource is effectively directed to addressing and delivering on our strategic goals.	This could result in the balance of resources not being focused on the right strategic goals.	We have a business planning process which aims to ensure the investments we make and the allocation of existing resource are aligned with our strategic goals, which in turn are responsive to the evolution of our marketplace. We continued to improve internal financial reporting and cost control processes. These financial reports are regularly monitored by senior management and the Board.	No change

Strategy link: 1 Deepening partner relationships 2 Continued technology development 3 People development

Products 1 2 3

Risk description	Potential impact	Risk mitigation	Risk change
The software on which our products is based is complex and the products may contain undetected defects which may be discovered after first introduction. Such defects could damage the Group's reputation and reduce revenue from subscription renewals and extensions. Many of our products are designed for use with open-source software, whose development, by the open-source community, we do not solely control. Changes to its structure and development path may impair the effectiveness of our products. Regulation of data transfer is rapidly evolving and additional regulations concerning user privacy, content liability, data encryption and copyright protection may reduce the value added by our products.	If we fail to develop and manage a prioritised strategy for our products that delivers against customer and partner needs, there is a financial risk that customers will go elsewhere.	We have invested in quality control processes and training within our engineering team. We have a dedicated team committing code to relevant open-source tools to ensure our products interact well with open-source components and to monitor evolving open-source projects to which we could potentially add commercial value. Our product roadmap is based on requirements expressed by customers and partners with whom we are pursuing sales opportunities. Our product managers are mandated to propose roadmap alterations if regulations render our intended features either more or less relevant.	No change

Sales 1 2 3

Risk description	Potential impact	Risk mitigation	Risk change
Any economic downturn may have an adverse effect on the funds available for customers invest in our products. Increasing budget scrutiny may periodically extend sales cycles, from customers' evaluations through to commencement of subscription contracts. Variability of sales cycles across different sizes and types of customer may bring volatility to our quarterly results. Any new sales executives joining the business, in a rapidly changing marketplace, may take longer than expected to reach full productivity in concluding sales transactions.	This could adversely impact our achievement of our revenue goals and expansion of our customer base and use cases.	Our products enable significant savings on data storage and processing and, therefore, demand should be relatively insensitive to economic conditions. Our strategy is oriented to generating a broad-based set of sales opportunities, across regions, industries, sizes of customer and technology use cases. We have invested in senior management and systems to manage the completion of sales engagement in an efficient and commercially beneficial manner.	No change

COVID-19 1 2 3

Risk description	Potential impact	Risk mitigation	Risk change
The COVID-19 pandemic was declared a global health emergency by the World Health Organization on 31 January 2020. The worldwide spread of COVID-19 has resulted in public health responses in affected regions, including travel bans and restrictions, social distancing requirements and shelter-in-place orders.	Global slowdown of economic activity could negatively impact our business, operations and financial performance.	Having employees work remotely, cancelling all non-essential employee travel, and cancelling, postponing or holding virtually events and meetings. Strict review of non-essential expenses and cash flow. In June 2020, post the start of the pandemic there was a successful share subscription for gross proceeds of $24.9m. Also, following the end of the year there was a share raise for $42.5m of gross proceeds as referred to in the Financing risk on page 23.	Reduced This was a new risk last year, but since then the employees have continued to successfully operate remotely. The severity, magnitude and duration of the COVID-19 pandemic, the public health responses and the economic consequences are uncertain, rapidly changing and difficult to predict, and the pandemic's impact on our operations and financial performance, as well as its impact on our ability to successfully execute our business strategies and initiatives, remains uncertain and difficult to predict.

Financial review

Erik Miller, Chief Financial Officer

Significant progress with partners

2020 highlights

- Targeted increases in expenditure to support our channel and product development.
- Successfully raised $24.9m from existing shareholders during 2020 and $42.5m following the year end.

> Significant commercial progress with Microsoft Azure and AWS partnerships underpins the Board's confidence in our strategy and product focus.

Erik Miller
Chief Financial Officer

Revenue for the year ended 31 December 2020 was $10.5m (2019: $16.2m).

Deferred revenue from sales booked during 2020 and in previous years, and not yet recognised as revenue, is $3.8m at 31 December 2020; at 31 December 2019 this stood at $3.8m. Our deferred revenue represents future revenue from new and renewed contracts, many of them spanning multiple years.

Adjusted EBITDA loss[2] was $22.2m (2019: $11.7m), due primarily to the reduction in revenue and continued investments in the business.

Revenue

Revenue was $10.5m (2019: $16.2m), reflecting the ongoing change in revenue mix between our legacy business and our big data business as well as an increasing shift to cloud-based revenues with recurring annual revenues, away from perpetual, on-premises based revenue. Some deals were delayed into future years, as potential customers were assessing cloud-based strategies for data management and analytics, and comparing the availability of our stand-alone products vs. the launch of our cloud native service on Azure in October 2020. However, our big data revenue in 2020 grew 18% over 2019 and some larger Application Lifecycle Management ("ALM") deals in 2019 did not repeat in 2020.

42% of revenues came from three new customers during the year, with a large media and telecommunication company, its analytics subsidiary and a large British supermarket chain adopting our big data solutions with the majority of this revenue based on multi-year subscription agreements. In 2019 the top three customers represented 43% of revenues, with the majority relating to our ALM business.

Contract wins continue to exhibit variability in the timing of their completion.

Operating costs

Cash overheads[1] increased in the year as we made investments in go-to-market resources and engineering, rising to $36.9m from $31.7m in 2019.

Product development expenditure capitalised was $5.2m in the year (2019: $5.1m). All of this expenditure was associated with new product features.

Our headcount was 180 as at 31 December 2020 (31 December 2019: 162). Headcount increases in the year were principally in engineering and sales and marketing as we added capacity to service our new and expanded channel partner relationships and develop new cloud-focused products.

Profit and loss

Adjusted EBITDA[2] loss for the year was $22.2m (2019: $11.7m).

The loss after tax for the year increased to $34.3m (2019: $28.3m), as a result of the lower revenue and increased overheads and partially offset by a lower share-based payment charge. The finance loss of $1.8m (2019: $2.0m loss), reported in finance costs, arose from the retranslation of intercompany balances at 31 December 2020, 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. A translation gain arising on the net assets of overseas subsidiaries reported in reserves results in a minimal impact on the Group net assets.

Balance sheet and cash flow

Trade and other receivables at 31 December 2020 were $10.1m (31 December 2019: $8.5m). This includes $5.3m of trade receivables (31 December 2019: $2.8m) and $4.8m related to non-trade receivables (31 December 2019: $5.7m). The increase in trade receivables was due primarily to the timing of revenues during the year, which predominantly occurred in the fourth quarter.

Net consumption of cash was $24.2m before financing (2019: $19.4m), resulting in a closing cash balance of $21.0m at 31 December 2020. The consumption of cash was due primarily to lower revenues and a modest increase in cash overheads. At 31 December 2020, we had drawings under our revolving credit facility with Silicon Valley Bank of $0.6m.

On 12 June 2020 the Group announced a placing for the subscription of 3,100,000 new ordinary shares of 10 pence each in the Company at a price of 650 pence, raising gross proceeds of $24.9m.

Subsequent events

After the year end, on 10 March 2021 the Group announced the subscription of 6,885,572 new ordinary shares of 10 pence each in the Company by existing shareholders at a price of 446 pence (a discount of 0.4% on the closing share price on 9 March 2021), raising gross proceeds of $42.5m. The proceeds will be used to support our relationships with strategic partners and provide growth working capital.

As at 30 April 2021 the Group had cash reserves of $55.3m.

Whilst the medium and long-term impact of COVID-19 is still uncertain, we are moving forward this year with continued business momentum as evidenced by our go-to-market launch of LiveData Platform with Microsoft announced in October 2020. Our cloud partners continue to see an acceleration of business operations moving to the cloud since the beginning of the pandemic and the business continues to be aligned to this trend. Hence management expects that the potential of the agreement with Microsoft will overcome any short-term headwinds from the economic uncertainty surrounding the impact of COVID-19.

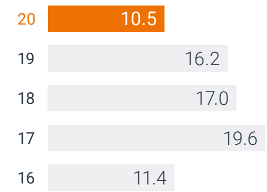
Erik Miller
Chief Financial Officer
4 May 2021

1 Operating expenses adjusted for: depreciation, amortisation, capitalisation of development expenditure and equity-settled share-based payment. See Note 9 for a reconciliation.

2 Operating loss adjusted for: depreciation, amortisation and equity-settled share-based payment. See Note 9 for a reconciliation.

Revenue ($m)

$10.5m

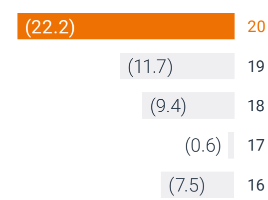


Cash overheads ($m)[1]

$36.9m

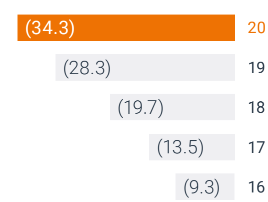
Adjusted EBITDA ($m)[2]

$(22.2)m



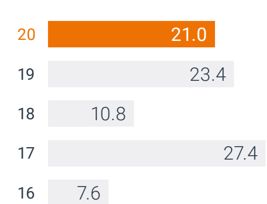
Statutory loss for the year ($m)

$(34.3)m



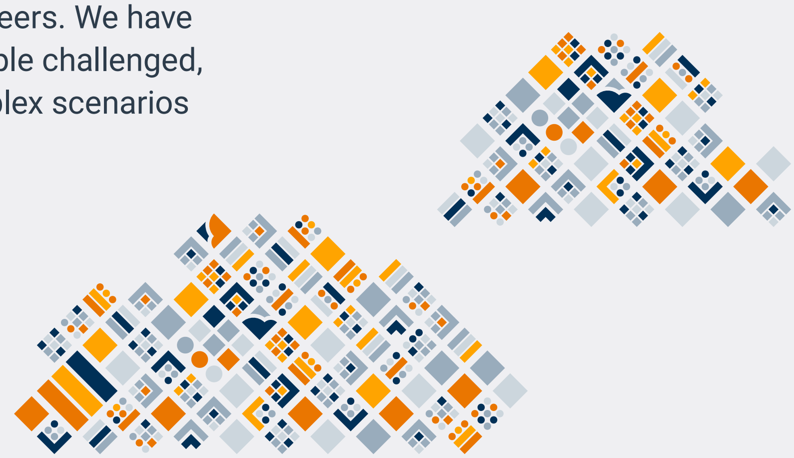
Cash ($m)

$21.0m



We are proud of our wealth of talent

WANdisco prides itself on its wealth of talent and its retention record. This is important given the competition for good software engineers. We have a strong track record of keeping people challenged, motivated and enthused by the complex scenarios our technology addresses.



Our priorities

The Group recognises that, although its primary responsibility is to its shareholders, it also has responsibilities towards its employees, customers, partners, suppliers and also, ultimately, those consumers who benefit from its products, the broader public and the environment.

Our people

We want to provide an environment where we attract, retain, develop and enable all our people to demonstrate, grow and apply their capabilities, offering opportunities for everyone to reach their potential.

Priorities

- Attract, retain and develop our people.

Outcomes

- A number of successful new hires in the year in key roles.
- Successful hire, onboarding and development of people during the COVID-19 pandemic during which our offices have remained closed.
- Internal promotions with the business.

Environment

WANdisco's overriding purpose is to power the LiveData future in a responsible and efficient manner. We aspire to apply sustainability management standards equal to our business ambitions, and every day we strive to make a difference in the communities in which we operate.

Priorities

- Ensure low impact of our business on the environment.

Outcomes

- Investment in technology to collaborate and reduce physical travel to reduce the Group's environmental footprint.
- The COVID-19 pandemic resulted in our offices closing in March 2020, with our employees working remotely and reduction in business travel.

Social and community

As a company we have a strong ethos of giving back to the community. This includes fostering the next generation of data scientists.

Priorities

- Development of engineering skills in local schools, university and colleges.

Outcomes

- Work placement students and WANdisco Data Academy.
- Platform for employees to promote and raise awareness of charities important to them.

Our people

Delivering relevant talent

WANdisco prides itself on its wealth of talent and its retention record. This is important given the competition for good software engineers. We have a strong track record of keeping people challenged, motivated and enthused by the complex scenarios our technology addresses.

In addition to providing work that stretches our people, we operate a mentoring scheme for those joining us fresh from university or early in their careers. Our young engineers are given the chance to shadow and work alongside data scientists with PhDs, many of whom have 30 or more years' real-world experience. Our Chief Data Scientist, Inventor and Co-founder, Dr Yeturu Aahlad, who developed the complex mathematical algorithm that forms the basis of WANdisco's patented DConE technology, is well known for being highly approachable. Our younger employees say that their day-to-day contact with Dr Aahlad and other senior engineers is more inspiring and useful than weeks of classroom training. Dr Aahlad is recognised as a global authority on distributed computing. He has a PhD in the subject from the University of Texas, Austin, as well as a BSc in Electrical Engineering from the Indian Institute of Technology ("IIT"), Madras.

California: Silicon Valley

Silicon Valley is a recognised centre of excellence for open-source development. In San Ramon, California, our engineering heritage goes back to our roots in the Hadoop open-source community. Today, some eleven developers are based here, including our Chief Scientist, Dr Yeturu Aahlad and Konstantin Boudnik our VP and Chief Architect.

UK

Our employees in the UK come from all over the world and include graduates and PhD students from Queen's University, Belfast, Northern Ireland, which is globally acclaimed for its IT credentials. Sheffield is our European base and home to both our core technology development and customer support teams. In Belfast we also have part of our software development team, including the core of the WANdisco Fusion development team.

We continue to look for opportunities to achieve gender balance in our hiring policies, in addition to seeking the best professionals across the age and experience spectrum. Our approach continues to be to match the most appropriate person to the role, but in light of findings that female representation in technology companies is still below 20% in some Western markets, we have taken proactive steps, such as improving our maternity provision, to ensure that our Company policies are not a barrier to women considering IT as a long-term career. In addition, we have continued to take proactive steps during the year to attend local events which aim to encourage more women into careers in engineering. At a grass-roots level, we are also committed to attracting talented new generations to data science and are working with Sheffield Hallam University to support and nurture talent.

Environment

Reduction in our environmental impact

We are committed to managing our use of resources and proactively managing our environmental impact. We continue to focus our commitment on areas that are most relevant to WANdisco, our people and our customers.

We have invested in technology to try and encourage collaboration across our business and also with customers and partners to reduce business travel.

Social and community

Delivering on corporate social responsibility

WANdisco's overriding purpose is to power the LiveData future in a responsible and efficient manner. We aspire to apply sustainability management standards equal to our business ambitions, and every day we strive to make a difference in the communities in which we operate.

As a company we have a strong ethos of giving back to the community. This includes fostering the next generation of data scientists. This commitment spans both sides of the Atlantic, from Sheffield in the UK, where the Company's British operations are based (and where CEO David Richards originates from), and the Belfast operation, to Silicon Valley, where WANdisco's North American operations are headquartered.

In 2020, the Company and its employees supported the following charitable and community causes:

The Sheffield UTC Academy Trust (University Technical College)

Members of our Sheffield team attended meetings with the Director of Computing at UTC Sheffield Olympic Legacy Park to encourage college students to consider careers in tech and widen their horizons on the types of jobs within the industry, and to help provide some ideas for project work.

Sheffield Hallam University interaction

During 2020 we have continued our practice to take Sheffield University placement students for twelve-month placements. We have seen great success with this with students leaving at the end of their twelve months with the necessary skills to obtain employment within WANdisco. One student was taken on as a full-time member of the Customer Success team after their placement and University course was completed. We have engaged with Sheffield Hallam via their Preferred Placement scheme and secured further placement students for 2021.

School placements

We have provided work experience placements for secondary school children (Tapton Secondary School and Yewlands Academy) in Sheffield.

The Sheffield College WANdisco Data Academy

The WANdisco Data Academy was launched at The Sheffield College in September 2019. WANdisco has partnered with the college to provide an enhanced learning environment for students at the college. The students enter the academy via application and interview and, during their time in the WANdisco-branded classrooms, will receive support from the Company by way of specialist speakers, workplace visits, special projects, masterclasses and interaction with employees. A selection of the students will also be able to take part in a placement year at WANdisco spending one day per week within the office, giving an insight into the business, and working on projects set up by experts in their field. Attendance at the WANdisco Academy has been reported as being high (94%), and feedback from the students has been "incredible".

WANdisco believes in the importance of giving employees the opportunity to support charities and causes that are important to them and to raise awareness. To enable this, we have a platform for employees to post information on, and which allows other employees to donate to these charities if they wish.

In the UK, the Sheffield office donated £3,000 to the Sheffield Children's Charity for the "Snowflake Switch On" in December 2020. This money went towards a funding shortfall for the Sheffield Children's Hospital who were aiming to raise almost £3m to help with the redevelopment of the cancer and leukaemia ward. In addition, during the COVID-19 pandemic the Group donated £36,000 in the UK towards food banks in the cities in which it has offices (Sheffield, Belfast and Newcastle upon Tyne) and $25,000 in San Ramon in the US.

David & Jane Richards Family Foundation, djrff.org

Over

1,000

KS3 students being taught the foundation's pioneering "Get Creative with Data" course

Through the charitable David & Jane Richards Family Foundation, WANdisco's CEO, David Richards, is investing in programmes to improve the way schools inspire children to learn about technology, specifically data science.

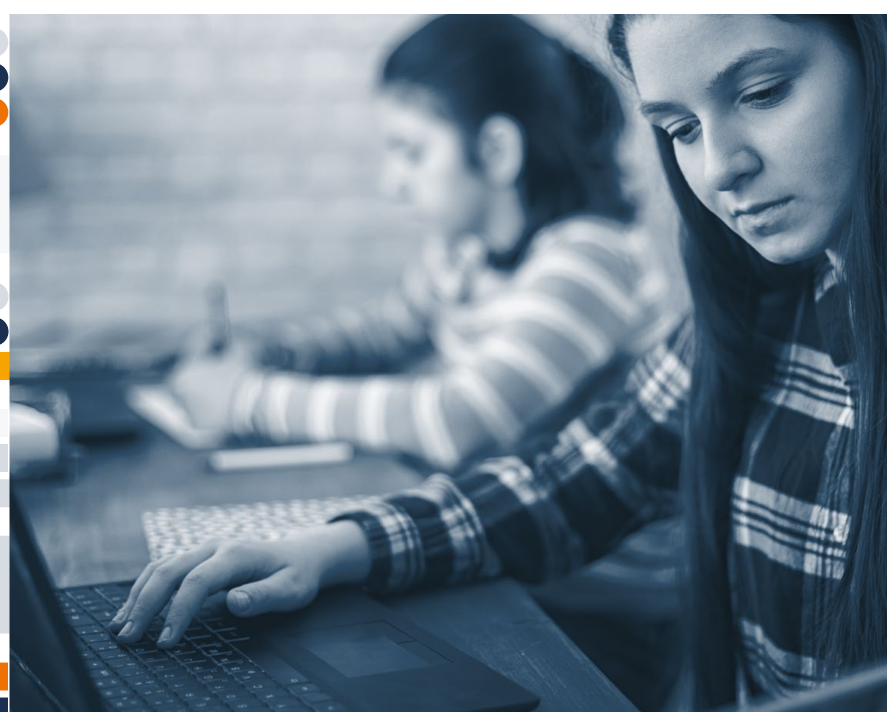
Although many schools have introduced creative ways to teach coding to even very young children, David wants to see schools inspiring pupils to use data and technology to solve real-world problems – skills he believes will be more useful to the economy in the future. Created in collaboration with both educational and industry experts, the foundation's pioneering "Get Creative with Data" course is currently being taught to over 1,000 KS3 students in eight schools across Sheffield and South Yorkshire, with ambitious plans for a wider rollout.

The Richards are also passionate about ecology and the environment, and are keen to help young people become advocates for a greener society. Amidst an ever-growing concern for the UK's dwindling bee population, the Foundation is funding the installation and running costs of beehives and bee colonies at a number of schools around Sheffield.

David is the co-chair of Laptop for Kids. Laptops for Kids is a charitable organisation that facilitates the donation, secure erasure and distribution of used digital devices, enabling children from disadvantaged backgrounds to have access to the technology they need to participate in remote learning. Companies, big and small, have pledged to donate computers that are surplus to their requirements. Students at the WANdisco Data Academy at The Sheffield College are securely erasing the devices using licences and certification donated by global data security firm Blancco. The scheme covers the North of England including Sheffield, Doncaster, and the North East.

In addition, the charity also has another appeal called Cash for Connectivity, which aims to raise £1.2m to purchase internet-enabled dongles for the households of the North of England who need to get online.

These are being securely erased and given to the city's disadvantaged young people, free of charge, enabling them to do the schoolwork they couldn't do without a computer.



Board of Directors

Committee membership key

A Audit Committee   N Nomination Committee   R Remuneration Committee   ☐ Committee Chairman

David Richards
N

Chairman, President, CEO and Co-founder

Age
50

Length of tenure
Appointed 11 May 2012
(Chairman from 6 October 2016)

Skills and experience
Since co-founding the Company in Silicon Valley in 2005, David has led WANdisco on a course for rapid international expansion, opening offices in the UK, Japan and China. David spearheaded WANdisco to a hugely successful listing on the London Stock Exchange (WAND:LSE) and, shortly after, the acquisition of AltoStor, which accelerated the development of WANdisco's first products for the Big Data market.

A passionate advocate of entrepreneurship, David has established and successfully exited several highly successful Silicon Valley technology companies. David was the founder and CEO of Librados, an application integration software provider, and led the company's acquisition by NASDAQ-listed NetManage, Inc. in 2005. David is a frequent commentator on a range of business and technology issues, appearing regularly on Bloomberg and CNBC. David holds a BSc in Computer Science from the University of Huddersfield.

After Paul Walker, the former Chairman, stepped down from the Board in October 2016, David took the role of Chairman. In 2017 David was awarded an Honorary Doctorate by Sheffield Hallam University in recognition of him being a champion of British technology and a passionate advocate of entrepreneurship.

David and his wife Jane founded the David & Jane Richards Family Foundation with the purpose to educate, empower and improve the lives of children through hands-on programmes and targeted assistance. They aim to encourage children to fulfil their potential and make a positive impact on the world around them. The first programmes commenced in 2018 in some state schools in the UK, where they will use new methods to teach computing skills and install beehives as part of a wider teaching curriculum.

External appointments
With over 20 years of executive experience in the software industry, David sits on a number of advisory and executive boards of Silicon Valley start-up ventures.

Bob Corey
A N R

Vice Chairman and Senior Non-executive Director

Age
69

Length of tenure
Appointed 19 November 2018

Skills and experience
Bob brings more than 30 years of executive and financial management experience in public and private companies in Silicon Valley with software and hardware companies.

Bob is highly experienced in managing the financial aspects of public companies; he has a strong history with Wall Street, and extensive mergers and acquisitions experience. He also has deep corporate governance acumen and has served on numerous boards in Silicon Valley as Chairman of the Board, Chairman of the Audit Committee, and a member on Compensation and Nomination and Governance Committees.

Formerly Bob was Chief Financial Officer of Callidus Software, a $2.4bn acquisition by SAP in April 2018. Until September 2017, he sat on the board and chaired the audit committee for Apigee, a $625m acquisition by Google. He has also served as the Chief Financial Officer of FrontRange Solutions USA Inc., an enterprise software company. Prior to FrontRange, Bob was a member of the board of directors at Extreme Networks, Inc., an ethernet solutions company, ultimately serving as Interim Chief Executive Officer and Executive Vice President and Chief Financial Officer. Bob has also served as a member of the board of directors for AmberPoint, Interwoven, Live Ops and Veraz Networks.

Bob began his career at Arthur Andersen, is a California CPA (not current), and has a Bachelor of Business Administration, Accounting from California State University at Fullerton. Bob is a Veteran of the United States Air Force, where he served as an Air Traffic Controller.

External appointments
None.

Erik Miller
N

Chief Financial Officer

Age
61

Length of tenure
Appointed 5 December 2016

Skills and experience
Erik was the Chief Financial Officer of Envivio, Inc., a NASDAQ-listed provider of video transcoding software, from February 2010 to January 2016, following its acquisition by Ericsson AB. From January 2008 to July 2009, Erik served as Chief Financial Officer at SigNav Pty. Ltd., a component supplier to the wireless industry, where he was responsible for finance and administration functions. From March 2006 to January 2008, he served as Chief Financial Officer at Tangler Pty. Ltd., a social networking company, where he was responsible for finance and administrative functions. Erik received a BS degree in Business Administration from the University of California, Berkeley.

External appointments
None.

Dr Yeturu Aahlad

Chief Scientist, Inventor and Co-founder

Age
63

Length of tenure
Appointed 23 February 2017

Skills and experience
Dr Aahlad is a recognised worldwide authority on distributed computing. He is named in 35 WANdisco patents, including US and international patents, continuations and divisionals. It was Dr Aahlad's vision and years of persistence that led to the invention of technology that many thought was impossible – that of Active-Active replication (WANdisco's patented DConE technology). Prior to WANdisco, Dr Aahlad served as the distributed systems architect for iPlanet (Sun/Netscape Alliance) Application Server. At Netscape, Dr Aahlad joined the elite team in charge of creating a new server platform based on the CORBA distributed object framework.

Prior to Sun/Netscape Dr Aahlad worked on incorporating the CORBA security service into Fujitsu's Object Request Broker. Dr Aahlad designed and implemented the CORBA event services while working on Sun's first CORBA initiative. Earlier in his career, Dr Aahlad worked on a distributed programming language at IBM's Palo Alto Scientific Center.

Dr Aahlad has a PhD in Distributed Computing from the University of Texas, Austin, and a BSc in Electrical Engineering from IIT Madras.

External appointments
None.

Grant Dollens

A N R

Non-executive Director

Age
42

Length of tenure
Appointed 9 October 2016

Skills and experience
Prior to founding Global Frontier Investments, LLC, Grant was an Investment Analyst and member of the investment committee for Ayer Capital, a long/short equity healthcare fund, where he was focused on medical devices, diagnostics, healthcare services, biotechnology and pharmaceutical investments. Prior to Ayer, Grant was an Associate in the healthcare group at BA Venture Partners (now Scale Ventures), where he sourced, evaluated and invested in private medical device, biotechnology, specialty pharmaceutical and healthcare service companies. Before BA Venture Partners, Grant was an Investment Banking Analyst in corporate finance at Deutsche Bank Alex. Brown focused on the technology sector.

Grant received his MBA from the Kellogg School of Management at Northwestern University, with majors in Analytical Finance, Management and Strategy, and Accounting. He received his BSc in Biomedical Engineering from Duke University.

External appointments
Grant founded Global Frontier Investments, LLC, a long-term oriented global equities fund, in 2010 and serves as its Portfolio Manager. Grant is also a member of the board of ColdQuanta, Inc.

Karl Monaghan

A N R

Non-executive Director

Age
58

Length of tenure
Appointed 5 December 2016

Skills and experience
Karl brings a wealth of capital markets and board experience. Prior to founding Ashling Capital, Karl has worked in corporate finance for Robert W. Baird, Credit Lyonnais Securities, Bank of Ireland, Johnson Fry and BDO Stoy Hayward. Additionally, he trained as a Chartered Accountant with KPMG in Dublin and holds a Bachelor of Commerce degree from University College Dublin.

External appointments
Karl is currently Managing Partner at Ashling Capital LLP, which he founded in December 2002, to provide consultancy services to both quoted and private companies.

Karl is also currently a Non-executive Director of AIM company CareTech Holdings plc.

Sector experience

	David Richards	Bob Corey	Erik Miller	Dr Yeturu Aahlad	Grant Dollens	Karl Monaghan
Technology	■	■	■	■	■	■
Financial management	□	■	■	□	■	■
Strategy development	■	■	■	□	■	□
Corporate governance	□	■	■	□	□	■
Corporate finance	□	□	□	□	■	■
Healthcare	□	□	□	□	■	□

Strong and experienced leadership team

Paul Scott-Murphy
Chief Technology Officer

Length of tenure
Six years

Skills and experience
Paul has overall responsibility for WANdisco's product strategy for platform, including the delivery of product to market and its success. This includes directing the product management team, product strategy, requirements definitions, feature management and prioritisation, roadmaps, coordination of product releases with customer and partner requirements and testing. Previously Regional Chief Technology Officer for TIBCO Software in Asia Pacific and Japan. Paul has a Bachelor of Science with first class honours and a Bachelor of Engineering with first class honours from the University of Western Australia.

Keith Graham
Chief Revenue Officer

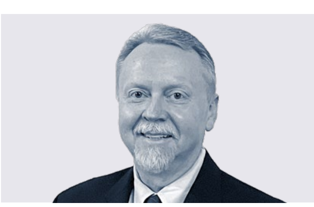
Length of tenure
Six years

Skills and experience
Keith previously spent nine years with TIBCO Software in Asia Pacific including serving for over five years as Regional Vice President and Managing Director of Australia and New Zealand. Keith worked at Librados as Vice President EMEA, where he was part of the founding team from start-up until the acquisition by NetManage. He was a Regional Director at Reuters Plc, where he was responsible for Reuters' $100m+ software solutions business. Keith holds an MA in Management Science and Information Systems Studies from Trinity College, Dublin.

Peter Scott
SVP Business Development

Length of tenure
Twelve years

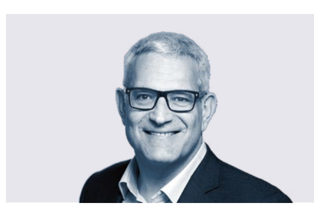
Skills and experience
Peter was a member of the sales management team at Empirix's Web Business Unit, which was acquired by Oracle. He was also part of the sales management team at Vecta Software, a CRM and business intelligence software vendor. He began his career with Sales Dynamics, helping early stage venture-backed technology companies establish sales processes that enabled them to achieve aggressive revenue targets. Prior to his career in technology sales, Peter spent six years in the British Army with the Royal Engineers.



Steve Kilgore
SVP Field Operations

Length of tenure
Four years

Skills and experience
Steve has over 30 years of industry experience including stints at Sun Microsystems and Oracle, as well as running his own successful consulting company for over 16 years. He has served as a trusted adviser to companies such as Fannie Mae, Freddie Mac, Charles Schwab, Nike, and Delta Airlines. Steve holds Bachelors and Masters degrees in Computer Science from the University of Tennessee, Knoxville.



Van Diamandakis
SVP of Marketing

Length of tenure
One year

Skills and experience
Van is a proven Silicon Valley technology executive with over 25 years of operational experience that draws upon his track record leading global marketing transformations, driving to meaningful financial events including IPOs and acquisitions. Van has been at the forefront of B2B technology marketing. Previously Van was a five-time CMO and held executive marketing positions at Oracle, WebEx, Riverbed Technology, Sage Business Cloud, Joyent and Persado AI. Van is a MBA graduate of The University of Iowa.

Anne Lynch
SVP Human Resources

Length of tenure
Four years

Skills and experience
Anne was the VP HR of Envivio, Inc. She was also the VP HR for Harmonic, Inc. as well as the Director General of Harmonic Europe. She has also held senior level positions at Quantum (Seagate), Schlumberger Limited and Computer Sciences Corporation ("CSC"). Anne earned her BA at Clarke University and completed graduate studies in Linguistics at Emory University and postgraduate studies at L'université Paris-Sorbonne. She has a Master of Arts degree in Business Leadership and Ethics from St. Mary's College of California.

David Richards
Chairman, President, CEO and Co-founder

Erik Miller
Chief Financial Officer

Dr Yeturu Aahlad
Chief Scientist, Inventor and Co-founder

Read about our Board from page 32

Justin Holtzinger
SVP, Product and Engineering

Length of tenure
Three years

Skills and experience
Justin is a customer-focused leader with more than 20 years of experience and a proven track record of successfully building high-performance technology teams capable of delivering unmatched customer experiences during his seven-year career at EMC, where he held leadership roles in professional services, led their Global Data Migration Practice, and later led the global services product launch for EMC's high-performance Big Data compute appliance. Justin obtained his Master of Business Administration from St. Mary's of California.

Ian Wild
VP Customer Experience

Length of tenure
Twelve years

Skills and experience
Ian has been a part of the WANdisco team for over ten years, in that time progressing through a range of roles including technical sales, engineering and product management. Ian built and managed the rapid expansion of the UK based engineering teams before relocating to California in 2014 where he now owns customer experience as part of the product management function.

Daud Khan
VP Corporate Development

Length of tenure
Three years

Skills and experience
Daud has spent the majority of his career following and commentating on infrastructure and application software companies and IT service companies. He was a Director in equity research at Canaccord Genuity covering UK technology companies. Daud was previously at Berenberg, where he established its global technology research franchise. Daud has also had senior roles at JP Morgan Cazenove and Merrill Lynch. Daud qualified as an accountant (ACA) from PwC in 1999 and has an MA in Computer Science/Management Studies from the University of Cambridge.

Larry Webster
General Counsel and Company Secretary

Length of tenure
Seven years

Skills and experience
Larry previously worked at Wilson Sonsini Goodrich & Rosati, a large California-based law firm, where he provided advice and services both to large corporations and emerging growth technology companies. He also had roles in Gunderson Dettmer, another Silicon Valley firm, and Hughes & Luce, a Dallas law firm. He started his legal career at telecommunications giant Northern Telecom in Texas. Larry holds a JD from Brigham Young University, a BSc in Business Management and a BA in Asian Studies, also from Brigham Young University.

Dr Konstantin Boudnik
VP and Chief Architect

Length of tenure
One year

Skills and experience
Dr Konstantin Boudnik is one of the veteran developers of Apache Hadoop, co-author of Apache BigTop, the open-source framework for creation of software stacks and operation of data processing projects used by all commercial vendors of Hadoop-based platforms. With more than 20 years of experience in software development, Dr Boudnik was awarded with 16 US patents in distributed computing. Over the years, Dr Boudnik has founded a number of technological start-ups, and his consulting business delivers solutions for companies.

Dr Ramki Thurimella
VP Research & Development

Length of tenure
Three years

Skills and experience
Dr Thurimella has extensive experience in algorithm design and information security. He has published over 50 peer-reviewed papers and three book chapters in these areas. He held various senior positions at the University of Denver, including the Director of Cybersecurity and the Chair of Computer Science, and was Director of Engineering at P2 Energy Solutions and Software Architect and Project Manager at Symphony Media. Dr Thurimella has a PhD in Parallel Graph Algorithms from the University of Texas, Austin, and an MS in Computer Science from IIT Madras.

Vice Chairman's introduction to governance

Bob Corey, Vice Chairman and Senior Non-executive Director

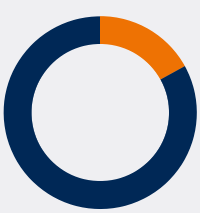
Effective governance and leadership

Bob Corey
Vice Chairman and Senior Non-executive Director

Board composition

3 Non-executive Directors
3 Executive Directors

Tenure



1 0–3 years
5 3–5 years

As an AIM-listed company the Board has adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code.

The Corporate governance statement, together with the information provided below and in the Audit Committee report, explains how WANdisco's governance framework works. As a Board, we recognise that we are accountable to shareholders for good corporate governance, and we seek to promote consistently high standards of governance throughout the Group. The Group promotes this culture within its strategy and management of risks and is continually analysing this, from information provided by the executive management team, to ensure compliance.

During the year, we have complied with the QCA Code with the following exception:

- David Richards fulfils the role of Chairman and CEO of the Company. David took on both roles following the resignation of the prior Chairman. Bob Corey was appointed in November 2018 as Senior Non-executive Director and Vice Chairman to better balance the roles of CEO and Chairman.

During the year under review, we have continued to evaluate the composition of our Board, but no further appointments have been made.

In considering refreshment of the Board and succession planning, the Board will have regard to ongoing developments and trends including in relation to matters such as diversity in its broadest sense. Whilst the Company pursues diversity, including gender diversity, throughout the business, the Board is not committed to any specific targets. Instead, the Board will continue to pursue a policy of appointing talented people at every level to deliver high-performance.

The Board holds all its strategic decision-making meetings at the Group's US offices and, as a result, takes the opportunity to meet with members of the Executive Team and to build on knowledge of the business. There are regular interactive presentations from, and discussions with, the Executive Team and, in 2020, these have included the topics of product strategy, partnerships and engineering progress.

Finally, the Annual General Meeting ("AGM") will be held at the UK Company's offices on 16 June 2021. Due to COVID-19 restrictions on people gathering, the AGM will be restricted to two attendees, both of whom will be shareholders for the purposes of forming a quorum. Unfortunately, other shareholders must not attend the AGM in person, but shareholders are strongly encouraged to exercise their vote on the matters of business at the AGM by submitting a proxy appointment and giving voting instructions. There will be a section on the Company website allowing shareholders to post any questions they might have.

Bob Corey
Vice Chairman and Senior Non-executive Director
4 May 2021

Learn more about our governance from page 37

Ensuring the long-term success of the Group

Board effectiveness

Board composition and responsibilities

The Board comprises three Executive Directors (including the Chairman) and three Non-executive Directors, two of which are independent (Bob Corey and Karl Monaghan).

The Board is responsible for the long-term success of the Group. It has established a strategy and business model which promote long-term value for shareholders as outlined in the Strategic report on pages 6 to 31. It sets the Group's values, standards and strategic aims and oversees implementation within a framework of prudent and effective controls, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group. In addition, it promotes a corporate culture that is based on ethical values and behaviours; these corporate values guide the objectives and strategy of the Company.

The corporate values are reflected in everything that the Company does, beginning with the selection criteria used in the employee recruitment process and continuing throughout all elements of the Company's business. The Board ensures that ethical behaviours are expected, and followed, by approving a set of internal policies on matters such as whistleblowing. The Board also ensures that appropriate systems and controls are in place to ensure compliance with those policies as part of its efforts to promote a healthy corporate culture, which is for the benefit of all stakeholders.

The Board has agreed the schedule of matters reserved for its decision, which includes ensuring that the necessary financial and human resources are in place to meet its obligations to its shareholders and others. It also approves acquisitions and disposals of businesses, major capital expenditure and annual financial budgets, and sets dividend policy.

Meeting attendance

David Richards	■	■	■	■	■	■	■
Bob Corey	■	■	■	■	■	■	□
Erik Miller	■	■	■	■	■	■	■
Dr Yeturu Aahlad	■	■	■	■	■	■	■
Grant Dollens	■	■	■	■	■	■	■
Karl Monaghan	■	■	■	■	■	■	■

■ Attended
□ Did not attend
Not required to attend

An Executive Committee supports the Board in implementing strategy and reports relevant matters to the Board for its consideration and approval. This Executive Committee comprises three Executive Directors and twelve members of senior management.

All the Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring compliance with applicable rules, regulations and Board procedures.

Directors have the right to request that any concerns they have are recorded in the appropriate Committee or Board minutes.

Board and Committee meetings

The table above shows the number of Board meetings held during the year, and the attendance of each Director. See our Committee reports for Audit, Remuneration and Nomination Committee meetings.

Board Committees

To assist the Board in carrying out its functions and to ensure that there is independent oversight of internal controls and risk management, the Board delegates certain responsibilities to its three principal Committees as shown in the governance framework diagram below.

More detail on each of the Committees can be found on pages 41 to 46.

Governance framework

Ensuring Board effectiveness

Board effectiveness continued

Board independence, appointment and re-election

There are two Non-executive Directors, who are considered by the Board to be independent of the management and are free to exercise independence of judgement. They have never been employees of the Group and they do not participate in the Group's bonus arrangements. They receive no other remuneration from the Group other than their Directors' fees.

Each new Director, on appointment, is briefed on the activities of the Group. Professional induction training is also given as appropriate. The Chairman briefs Non-executive Directors on issues arising at Board meetings if required and Non-executive Directors have access to the Chairman at any time. Ongoing training is provided as needed. Directors were updated on a frequent and regular basis on the Group's business.

Directors are subject to re-election at the Annual General Meeting ("AGM") following their appointment. In addition, at each AGM one-third (or the whole number nearest to one-third) of the Directors retire by rotation.

Terms of appointment and time commitment

All Non-executive Directors are appointed for an initial term of three years subject to satisfactory performance. After this time, they may serve additional three-year terms following review by the Board. All Non-executive Directors are expected to devote such time as is necessary for the proper performance of their duties. Directors are expected to attend all Board meetings and Committee meetings of which they are members and any additional meetings as required. Further details of their terms and conditions are summarised in the Remuneration report on pages 44 to 46 and the terms and conditions of appointment of the Non-executive Directors are available at the Company's registered office.

Development, information and support

All Board Directors have access to the Company Secretary, who advises them on governance matters. The Chairman and the Company Secretary work together to ensure that Board papers are clear, accurate, delivered in a timely manner to Directors and of sufficient quality to enable the Board to discharge its duties. Specific business-related presentations are given by members of the Executive Team when appropriate and external speakers also attend Board meetings to present on relevant topics. As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary. As part of the Board evaluation process, training and development needs are considered and training courses are arranged, where appropriate.

In line with the Code, we ensure that any new Directors joining the Board receive appropriate support and are given a tailored induction programme organised through the Company Secretary, including the provision of background material on the Company and briefings with management as appropriate. Each Director's individual experience and background are considered in developing a programme tailored to his or her own requirements. Any new Director will also be expected to meet with major shareholders if required.

Succession planning

The Nomination Committee focuses on Board succession and composition and succession planning.

Board activities throughout the year

At each scheduled meeting

Discuss:

- Strategic and operational matters
- Trading results
- Management accounts and financial commentary
- Treasury matters
- Legal, Company Secretarial and regulatory matters
- Investor relations
- Corporate affairs

Review:

- Minutes of previous meetings
- The implementation of actions agreed at previous meetings
- The rolling annual agenda items

February

Update on product strategy and partnerships

Approval of 2020 budget

April

Review of COVID support

Board evaluation

The performance of the Board was evaluated informally on an ongoing basis with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings were conducted and administered (including the content of those meetings); the effectiveness of the various Committees; whether corporate governance issues were handled in a satisfactory manner; and whether there was a clear strategy and objectives. The conclusion was that the Board was performing as expected.

The Board evaluation was internally facilitated and aligned with the ten principles of the QCA Code. All members of the Board fully engaged with the Board evaluation, which has produced a consistent set of results in terms of both the participants' assessment of the strengths and current state of the Board, and also the priorities for further development. The feedback from the evaluation exercise has been very useful, and will guide further actions and decisions taken because of it. Each Director's performance is appraised through the normal appraisal process. Save for the Chairman and Chief Executive Officer, who was appraised by the Non-executive Directors, the Executive Board members were appraised by the Chairman and Chief Executive Officer. The Non-executive Directors were appraised by the Chairman and Chief Executive Officer.

Internal controls and risk management

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to mitigate against and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Executive management considered the potential financial and non-financial risks which may impact on the business as part of the quarterly management reporting procedures. The Board received the principal risk outputs of these quarterly management reports and monitored the position at Board meetings. The principal risks are set out on pages 23 to 25.

The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks faced by the Group. The processes, which have been in place throughout the year and up to the date of approval of the Annual Report and Accounts, are consistent, so far as is appropriate for the nature and size of the Group's business, with the guidance issued by the Financial Reporting Council.

The Group's internal financial control and monitoring procedures include:

- clear responsibility on the part of line and financial management for the maintenance of good financial controls and the production of accurate and timely financial management information;
- the control of key financial risks through appropriate authorisation levels and segregation of accounting duties;
- detailed monthly budgeting and reporting of trading results, balance sheets and cash flows, with regular review by management of variances from budget;
- reporting on any non-compliance with internal financial controls and procedures; and
- review of reports issued by the external auditor.

The Audit Committee, on behalf of the Board, reviewed reports from the external auditor together with management's response regarding proposed actions. In this manner, it has reviewed the effectiveness of the system of internal controls for the year under review.

The Group considers information security to be of utmost importance, demonstrated by our ISO 27001 certification, the globally-recognised standard for information security. To achieve and maintain our certification we have developed a number of processes that allow us to more fully understand the information we process and the security threats we face, which has led to us adopting policies and systematically implementing controls to manage and mitigate these threats. Our Information Security Group, made up of senior employees in multiple departments, oversees the creation, execution and continual improvement of our Information Security Management System. Our core security-related values are clearly understood and articulated in our information security policies, and staff awareness of risks, and their obligations to identify and manage them, improves year over year. Our adopted approach affords better protection of all our stakeholders' information and allows the Group to continually improve and adapt its information security controls as new threats emerge and our business undergoes change and expansion in our turbulent world.

June

Approval of share subscription

Review and approval of Annual Report and Accounts 2019

Review and approval of preliminary announcement of 2019 results

Consideration and approval of appointment of external auditor

Review of Non-executive Director fees

August

Update on engineering and partnerships

October

Update on product strategy and partnerships

December

Review of finance options

Communicating to our shareholders

Relations with shareholders

WANdisco is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. During the year, numerous activities were undertaken to engage with shareholders.

Results announcements

We communicate with shareholders through our full-year and half-year announcements and trading updates. We invite institutional shareholders and analysts to view our full-year and half-year announcements. The presentation slides and a webcast of the presentations are made available at www.wandisco.com/investors/reports-and-presentations on the day of announcement.

Shareholder meetings

The AGM is the principal forum for dialogue with private shareholders, and we encourage shareholders to attend and participate. The AGM was held on Wednesday 28 July 2020 at our office in Sheffield, with the results being published on our website, www.wandisco.com/investors.

This year's AGM will be held at 10am on Wednesday 16 June 2021 at our office in Sheffield. Full details are included in the Notice of Meeting, which is sent to shareholders at least 21 days before the meeting. Due to COVID-19 restrictions, the meeting will be restricted to two attendees. However, shareholders are strongly encouraged to exercise their vote. In addition, there will be a section on the Company website allowing shareholders to post any questions they might have.

Website and shareholder communications

Our website, www.wandisco.com/investors, provides a range of corporate information on our business, results and financial performance, including copies of our Annual Report and Accounts, announcements and presentations.

Meetings, roadshows and conferences

The Directors actively seek to build a mutual understanding of objectives with institutional shareholders. Shareholder relations are managed primarily by the Chief Executive Officer and the Chief Financial Officer. A calendar of events is set out below.

The Chief Executive Officer and the Chief Financial Officer regularly meet with institutional shareholders to foster a mutual understanding of objectives. In particular, an extensive programme of meetings with analysts and institutional shareholders is held following the interim and preliminary results announcements. Feedback from these meetings and market updates prepared by the Company's Nomad are presented to the Board to ensure it understands shareholders' views. The other Non-executive Directors are available to shareholders to discuss strategy and governance issues.

2020 key shareholder engagements

Month	Communication	Type
June 2020	Annual Report published	Report
July 2020	AGM	Meeting
	Result of AGM	RNS
September 2020	Interim results	Meeting, RNS
October 2020	LD Micro Conference	Conference
November 2020	JMP Securities Small-Cap Technology Forum	Conference
	Needham Virtual Conference	Conference

Meeting RNS Report Conference

Nomination Committee report

David Richards, Chairman, President, CEO and Co-founder

Monitoring succession planning

David Richards

Chairman, President, CEO and Co-founder

Committee meeting attendance

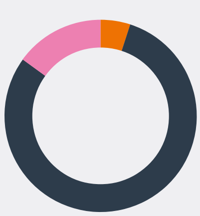
David Richards	■	■
Bob Corey	■	■
Erik Miller	■	■
Grant Dollens	■	■
Karl Monaghan	■	■

■ Attended

□ Did not attend

Not required to attend

Estimated allocation of time



5% Performance evaluation

80% Succession planning

15% Structure review

The Nomination Committee assists the Board in determining Board appointments and succession planning for Directors.

Committee composition

The Nomination Committee is chaired by David Richards and the other members of the Committee are Bob Corey, Grant Dollens, Karl Monaghan and Erik Miller.

Committee responsibilities

The Nomination Committee has responsibility for: reviewing the structure, size and composition of the Board and recommending to the Board any changes required; succession planning; and identifying and nominating for approval Board candidates to fill vacancies as and when they arise. The Committee is also responsible for reviewing the results of any Board performance evaluation process and making recommendations to the Board concerning the Board's Committees and the re-election of Directors at the AGM.

The membership of the Nomination Committee comprises the three Non-executive Directors, David Richards and Erik Miller.

The Nomination Committee is required to meet not less than twice a year and at such other times as required.

It has written terms of reference, which are available for review at www.wandisco.com.

Committee meetings

The Nomination Committee met two times in the year, with the Chief Executive Officer and Chief Financial Officer in attendance.

The Board has considered diversity in broader terms than just gender and believes it is also important to have the correct balance of skills, experience, independence and knowledge on the Board. All Board appointments will be made on merit and with the aim of achieving a correct balance. The Group has formal policies in place to promote equality of opportunity across the whole organisation and training is provided to assist this.

Currently, there are no women on the Board. As opportunities arise, the Board will seek to increase the presence of women on the Board consistent with the above policy and the terms of reference of the Nomination Committee.

David Richards

Chairman, President, CEO and Co-founder

4 May 2021

Bob Corey, Vice Chairman and Senior Non-executive Director

Ensuring compliance and effectiveness

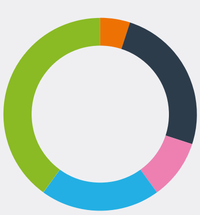
Bob Corey
Vice Chairman and Senior Non-executive Director

Committee meeting attendance

Bob Corey	■	■
Grant Dollens	■	■
Karl Monaghan	■	■

■ Attended
□ Did not attend
Not required to attend

Estimated allocation of time



5% Performance evaluation
25% Accounting matters
10% Risk management
20% Internal controls
40% Financial reporting

I am pleased to present the Report of the Audit Committee, which provides a summary of the Committee's role and activities during the 2020 financial year.

Committee composition

Bob Corey is the Chairman of the Committee and the other members of the Committee are Karl Monaghan and Grant Dollens. The Board considers Bob Corey to have relevant and recent financial experience, given his biography set out on page 32.

Committee responsibilities

The Audit Committee ("the Committee") is established by and is responsible to the Board. It has written terms of reference, which are available for review at www.wandisco.com. Its main responsibilities are:

- to monitor and be satisfied that the Group's financial statements are fair, balanced and understandable before submission to the Board for approval, ensuring their compliance with the appropriate accounting standards, the law and the AIM Rules;
- to monitor and review the effectiveness of the Group's system of internal control;
- to make recommendations to the Board in relation to the appointment of the external auditor and its remuneration, following appointment by the shareholders in general meeting, and to review and be satisfied with the auditor's independence, objectivity and effectiveness on an ongoing basis; and
- to implement the policy relating to any non-audit services performed by the external auditor.

The Committee is authorised by the Board to seek and obtain any information it requires from any officer or employee of the Group and to obtain external legal or other independent professional advice as is deemed necessary by it.

Committee meetings

There were two meetings of the Committee during the year scheduled to coincide with the review of the scope of the external audit and observations arising from its work in relation to internal control, and to review the financial statements. The external auditor attended all of these meetings. Since the end of the financial year, the Committee has met once (in March 2021) to consider, amongst other matters, this Annual Report, with the external auditor being present at this meeting. The Committee also met with the external auditor, without the Executive Directors being present, once during the year.

Significant work undertaken by the Committee during the year

Review of the 2020 financial statements

The Audit Committee reviewed and endorsed, prior to submission to the Board, full-year financial statements and the preliminary, interim results and trading update announcements. The Committee considered risk management updates, agreed external audit plans, approved accounting policies and ensured appropriate whistleblowing arrangements and associated policies were in place.

In reviewing the financial statements with management and the auditor, the Committee has discussed and debated the critical accounting judgements and key sources of estimation uncertainty as set out in Note 4 to the financial statements. As a result of our review, the Committee has identified the following issues that require a high level of judgement or have a significant impact on the interpretation of this Annual Report.

Brexit

Management reviewed the potential impacts that Brexit could have on the business.

The Committee is satisfied with the findings identified and that appropriate disclosures have been made in the Annual Report and Accounts.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities as disclosed in Note 23.

The detailed budget and forecasts formed the basis of the going concern review and management also prepared a sensitised version, which considered a delay in revenue growth and included actions, under the control of the Group, that they could take to further significantly reduce the cost base in the coming year in the event that longer-term revenue is set to remain consistent with the level reported in 2020. Further details are included in Note 2(b).

The Committee is satisfied with the findings of the going concern review and that appropriate disclosures have been made in the Annual Report and Accounts.

Revenue recognition

Under IFRS 15 the Group is required to de-bundle subscription arrangements into the separate licence and maintenance and support performance obligations. The method of allocation requires judgement and is based on prior experience of separate arrangements (e.g. when maintenance and support is sold separately on a perpetual licence) along with market practice.

The Committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures have been made in the Annual Report and Accounts.

Capitalisation and carrying value of development costs

The Group capitalises development costs which meet the criteria required under IAS 38. The carrying amount of the intangible assets is allocated to CGUs. The recoverable amount was calculated using a value in use basis based on financial forecasts.

The Committee is satisfied that the judgements made by management in the value in use calculation are reasonable and that appropriate disclosures have been made in the Annual Report and Accounts.

In reaching this conclusion the Committee has considered the reports and analysis prepared by management and has also constructively challenged assumptions. The Committee has also considered detailed reporting from and discussions with the external auditor.

Committee performance

The Committee carried out an annual assessment of its own performance during the year and the conclusion was that the Committee was performing as expected.

External auditor

As required, the external auditor provided the Committee with information for review about policies and processes for maintaining its independence and compliance regarding the rotation of audit partners and staff. The Committee considered all relationships between the external auditor and the Group and was satisfied that they did not compromise the auditor's judgement or independence, particularly with the provision of non-audit services.

An internal review of the effectiveness of the external audit process was carried out during the year and no deficiencies were found. Management was satisfied with the external audit team's knowledge of the business and that the scope of the audit was appropriate, all significant accounting judgements had been challenged robustly and the audit had been effective.

All of the above was considered before a recommendation was made by the Committee to the Board to propose BDO for re-election at the AGM.

Internal audit function

Given the Group's size and development, the Board did not consider it necessary to have an internal audit function during the year. The Board will continue to monitor this requirement annually.

Bob Corey
Vice Chairman and
Senior Non-executive Director
4 May 2021

Karl Monaghan, Chairman of the Remuneration Committee

Determining remuneration policies

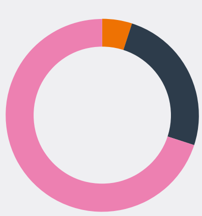
Karl Monaghan
Chairman of the Remuneration Committee

Committee meeting attendance

Karl Monaghan	■	■	■	■
Bob Corey	■	■	■	■
Grant Dollens	■	■	■	■

■ Attended
□ Did not attend
Not required to attend

Estimated allocation of time



5%	Performance evaluation
25%	Remuneration policy
70%	Share option grant review

This report sets out information about the remuneration of the Directors of the Company for the year ended 31 December 2020.

The Board, as required by the QCA Code, supports the principle of transparency and has prepared this report in order to provide information to shareholders on executive remuneration arrangements.

The Remuneration Committee

Committee composition

The Remuneration Committee is chaired by Karl Monaghan and the other members of the Committee are Bob Corey and Grant Dollens.

Committee responsibilities

The Remuneration Committee's primary purposes are to assist the Board in determining the Company's remuneration policies, review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of service, the granting of share options, and other equity incentives.

Committee meetings

The Remuneration Committee met four times in the year, with the other Board members in attendance as appropriate.

Remuneration Committee report

The content of this report is unaudited unless stated.

Remuneration policy

The objective of the remuneration policy is to ensure that the overall remuneration of Executive Directors is aligned with the performance of the Group and preserves an appropriate balance of income and shareholder value.

Non-executive Directors

Remuneration of the Non-executive Directors is determined by the Executive Directors. Non-executive Directors are not entitled to pensions, annual bonuses or employee benefits. They are entitled to participate in share option arrangements relating to the Company's shares. Each of the Non-executive Directors has a letter of appointment stating his annual fee and that his appointment is initially for a term of three years, subject to re-appointment at the AGM, renewable for further periods of three years. Their appointment may be terminated with three months' written notice at any time.

Directors' remuneration

The normal remuneration arrangements for Executive Directors consist of basic salary and annual performance-related bonuses. In addition, they receive private healthcare.

The Committee intends to make further awards under the Long-Term Incentive Plan ("LTIP") during 2021. Details of any awards will be disclosed in next year's Remuneration Committee report.

2020 annual bonus

The 2020 Bonus Plan comprised a target bonus based on a % of base salary. The Bonus Plan is based on the achievement of corporate financial performance measures, including revenue and overheads targets. Having regard to the performance of the business, the Remuneration Committee resolved to pay bonuses as set out on page 46.

Similar bonus principles will be adopted for 2021. Performance targets and weightings were set by the Remuneration Committee at the start of the year.

Directors' interests

Details of the Directors' shareholdings are included in the Directors' report on page 48.

Directors' share options

Aggregate emoluments disclosed below do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of options for Directors who served during the year are as follows:

	Exercise price	Number of options at 1 January 2020	Number of options granted	Number of options exercised[1]	Number of options lapsed	**Number of options at 31 December 2020**
Executive Directors						
David Richards	£1.90	92,771	–	–	–	**92,771**
	£0.10	241,037	–	(241,037)	–	**–**
	£0.10	18,123	–	(5,436)	–	**12,687**
	£0.10	29,094	–	(29,094)	–	**–**
	£0.10	23,764	–	–	–	**23,764**
Dr Yeturu Aahlad	£0.10	241,037	–	(241,037)	–	**–**
	£0.10	18,123	–	(5,436)	–	**12,687**
	£0.10	23,764	–	–	–	**23,764**
Erik Miller	£1.90	410,789	–	–	–	**410,789**
	£8.39	423,707	–	–	–	**423,707**
	£0.10	18,123	–	(5,436)	–	**12,687**
	£0.10	9,904	–	(9,904)	–	**–**
	£0.10	23,764	–	–	–	**23,764**
Non-executive Directors						
Grant Dollens	–	–	–	–	–	**–**
Karl Monaghan	£0.10	22,249	–	(22,249)	–	**–**
	£0.10	7,923	–	(7,923)	–	**–**
Bob Corey	£0.10	22,249	–	(22,249)	–	**–**
	£0.10	7,923	–	(7,923)	–	**–**

1 All options were exercised on 23 July 2020 when the share price was £5.00. Total gains on share options exercised were £2,929,000.

Remuneration Committee report continued

Directors' remuneration (audited)

	Payment currency	Salary/fees '000	Bonus[2] '000	Benefits[1] '000	31 December 2020 Total '000	31 December 2019 Total '000
Executive Directors						
David Richards	$	501	375	34	**910**	896
Erik Miller	$	250	125	30	**405**	402
Dr Yeturu Aahlad	$	150	—	21	**171**	170
Non-executive Directors						
Grant Dollens	£	40	—	—	**40**	40
Karl Monaghan	£	40	—	—	**40**	40
Bob Corey	£	50	—	—	**50**	50

1 Benefits include the provision of private health insurance for Executive Directors and their immediate families.

2 In 2019 50% of bonus due for David Richards and Erik Miller is to be settled via RSUs which have a one-year vesting period.

The total Directors' remuneration for the period ended 31 December 2020, in US dollars, was $5,433,000 (2019: $1,637,000) including gains on share options exercised.

Approval

This report was approved by the Directors and signed by order of the Board.

Karl Monaghan
Chairman of the Remuneration Committee
4 May 2021

Directors' report

Erik Miller, Chief Financial Officer

The Directors present their report and the audited financial statements for the year ended 31 December 2020 in accordance with the Companies (Jersey) Law 1991. Particulars of important events affecting the Group, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report on pages 6 to 31, which is incorporated into this report by reference together with the Corporate governance report on pages 37 to 40. In addition, this report should be read in conjunction with information concerning employee share schemes, which can be found in the Remuneration Committee report on pages 44 to 46 and in Note 13 to the financial statements, and which is incorporated by way of cross-reference into the Directors' report.

Principal activity

The principal activity of the Group is the development and provision of global collaboration software.

Business review and future developments

A review of the Group's operations and future developments is covered in the Strategic report section of the Annual Report and Accounts on pages 6 to 31. This report includes sections on strategy and markets and considers key risks and key performance indicators.

Financial results

Details of the Group's financial results are set out in the consolidated statement of profit or loss and other comprehensive income and other components on pages 55 to 87.

Dividends

The Directors do not recommend the payment of a dividend (2019: $nil).

Going concern

The Company's business activities, together with risk factors which potentially affect its future development, performance or position, can be found in the Strategic report on pages 6 to 31. Details of the Company's financial position and its cash flows are outlined in the Financial review on pages 26 and 27.

After making reasonable enquiries and following a share subscription during the year which raised $24.9m of gross proceeds with another two share subscriptions after the end of the year for total proceeds of $42.5m, the Board has an expectation that the Group and the Company have adequate financial resources together with a strong business model to ensure they continue to operate for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements. This is described in more detail in Note 2(b).

Annual General Meeting ("AGM")

On pages 89 to 92 is the notice of the Company's ninth AGM to be held at 10am on 16 June 2021 at the UK Company's offices, Castle House, 1–13 Angel Street, Sheffield S3 8LN.

Directors

The Directors who served on the Board and on Board Committees during the year are set out on pages 32 and 33. One-third of the Directors are required to retire at the AGM and can offer themselves for re-election.

Information on Directors' remuneration and share option rights is given in the Remuneration Committee report on pages 44 to 46.

Directors' indemnity arrangements

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report. Other than this, and with the exception of employment contracts between each Executive Director and the Group, at no time during the year did any Director hold a material interest in any contract of significance with the Group or any of its subsidiary undertakings. The Group has purchased and maintained throughout the year Directors' and officers' liability insurance in respect of all Group companies.

None of the Directors had any interest in the share capital of any subsidiary company. Further details of options held by the Directors are set out in the Remuneration Committee report on pages 44 to 46.

The middle market price of the Company's ordinary shares on 31 December 2020 was 464.50 pence and the range during the year was 390.00 pence to 820.00 pence, with an average price of 518.96 pence.

Corporate governance

Significant shareholders

The Company is informed that, at 27 April 2021 (the latest practicable date prior to publication), individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of shares	% of issued ordinary share capital
Grant Dollens[1]	7,226,219	12.15%
Lombard Odier Asset Management (Europe) Limited	5,428,254	9.12%
Davis Capital Partners, LLC	5,224,671	8.78%
Invesco Ltd.	5,088,517	8.55%
Conifer Capital Management	3,317,915	5.58%
Dr Yeturu Aahlad	2,477,016	4.16%
David Richards	2,157,264	3.63%
Ross Creek Capital Management, LLC	2,025,000	3.40%

1 Of which 526,384 shares (0.88%) are held by Grant Dollens personally and 1,921,988 shares (3.23%) are held by Global Frontier Partners, LP and 4,777,847 (8.03%) are held by Global Frontier Technology Opportunity Fund, LP, in which Grant Dollens is interested (Grant Dollens is currently Managing Member at Global Frontier Investments, LLC, a US-based investment manager, and Portfolio Manager for Global Frontier Partners, LP, a shareholder in WANdisco).

Directors' shareholdings

The beneficial interests of the Directors in the share capital of the Company at 31 December 2020 and 27 April 2021 (the latest practicable date prior to publication) were as follows:

	At 31 December 2020		At 27 April 2021	
	Number of shares	% of issued ordinary share capital	Number of shares	% of issued ordinary share capital
Executive				
David Richards	2,157,264	4.10%	2,157,264	3.63%
Dr Yeturu Aahlad	2,477,016	4.71%	2,477,016	4.16%
Erik Miller	1,820	0.00%	1,820	0.00%
Non-executive				
Grant Dollens[1]	2,361,739	4.49%	7,226,219	12.15%
Karl Monaghan	64,629	0.12%	64,629	0.11%
Bob Corey	22,170	0.04%	22,170	0.04%

1 Of which 526,384 shares (0.88%) are held by Grant Dollens personally and 1,921,988 shares (3.23%) are held by Global Frontier Partners, LP and 4,777,847 (8.03%) are held by Global Frontier Technology Opportunity Fund, LP, in which Grant Dollens is interested (Grant Dollens is currently Managing Member at Global Frontier Investments, LLC, a US-based investment manager, and Portfolio Manager for Global Frontier Partners, LP, a shareholder in WANdisco).

Articles of Association

Any amendments to the Articles of Association of the Company may be made by special resolution of the shareholders.

Research and development

The Group expended $8,991,000 during the year (2019: $8,263,000) on research and development, of which $5,220,000 (2019: $5,062,000) was capitalised within intangible assets and $3,771,000 (2019: $3,201,000) was charged to the income statement. In addition, an amortisation charge of $5,070,000 (2019: $5,284,000) has been recognised against previously capitalised costs.

Derivatives and financial instruments

The Group's policy and exposure to derivatives and financial instruments is set out in Note 23.

Employee involvement

It is the Group's policy to involve employees in its progress, development and performance. Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. The Group is a committed equal opportunities employer and has engaged employees with broad backgrounds and skills.

It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not have a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

Health and safety

The Group is committed to providing a safe and healthy working environment for all staff and contractors. The Group's health and safety standard sets out the range of policies, procedures and systems required to manage risks and promote wellbeing.

Political and charitable donations

During the year ended 31 December 2020 the Group made political donations of $nil (2019: $nil) and charitable donations of $82,578 (2019: $10,170).

Supplier payment policy and practice

The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with suppliers at the start of business and then makes payments in accordance with contractual and other legal obligations.

The number of creditor days outstanding at 31 December 2020 was 17 days (2019: 19 days).

Auditor

As recommended by the Audit Committee, a resolution for the re-appointment of BDO LLP as auditor of the Company is to be proposed at the forthcoming AGM.

Audit information

Each of the Directors at the date of the Directors' report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware and he has taken all the reasonable steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

Subsequent events

On 9 March 2021 the Group announced a new subscription of shares to an existing shareholder for 4,864,480 new ordinary shares of 10 pence each in the Company at a price of 446 pence raising gross proceeds of $30.0m.

In addition, on 10 March 2021 the Group announced the placing (which was approved by General Meeting on 29 March 2021) for 804,972 new ordinary shares of 10 pence each in the Company together with the subscription of 1,216,120 new ordinary shares of 10 pence each at a price of 446 pence (a discount of 0.4% on the closing share price on 9 March 2021) raising gross proceeds of $12.5m.

The Directors' report has been approved by the Board of Directors on 4 May 2021.

Signed on behalf of the Board.

Erik Miller
Chief Financial Officer
4 May 2021

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs as adopted by the EU") and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report
to the members of WANdisco plc

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union; and
- have been prepared in accordance with the requirements of Companies (Jersey) Law 1991.

We have audited the financial statements of WANdisco plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The Group continuing losses, along with other factors, including cash burn rate, decreasing revenue year on year, impact of COVID-19 pandemic, are indicators that the risk associated with the Group's going concern status is greater than normal. The calculations supporting the going concern assessment require management to make highly subjective judgements. We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.

Significant judgements and estimates related to going concern are disclosed in Note 2 of the consolidated financial statements.

Our response to this key audit matter, and our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the key underlying assumptions used in the Group's forecasts around the achievement of forecast revenue through robust interrogation of the forecasts and understanding how these were derived;
- Assessing the Group's historical budgeting accuracy, via a retrospective review of actual performance against budget and understanding the changes in circumstances by reviewing the pipeline of customers leading to the forecast revenue;
- Analysing changes in key assumptions including a reasonably possible (but not unrealistic) reduction in forecast revenue to understand the sensitivity in the cash flow forecasts;
- Reviewing post-balance sheet events, specifically the funding received as a result of the equity issued in March 2021 and the actual against budgeted performance of the Group in January, February and March 2021; and
- Considering the appropriateness of the related disclosures against the requirements of the accounting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% (2019: 98%) of Group loss before tax 100% (2019: 100%) of Group revenue 98% (2019: 98%) of Group total assets		
Key audit matters		2020	2019
	KAM 1 – Revenue recognition	✓	✓
	KAM 2 – Capitalisation of development costs	✓	✓
	KAM 3 – Carrying value of development costs	✓	✓
	KAM 4 – Going concern	✓	✓
Materiality	Group financial statements as a whole $350k (2019: $375k) based on 1.25% (2019: 2%) of the three-year average of loss before tax		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We performed an audit of the complete financial information of three components, which we identified as significant. At the Group level, we also tested the consolidation process. All work was performed by the Group audit team. The components where we performed full or specific audit procedures accounted for 100% of Group Loss before tax, 100% of Revenue and 98% of Group total assets. For the remaining two components we performed other procedures, including analytical reviews, audit procedures on specific balances, testing of consolidation journals and intercompany elimination to respond to any potential risks of material misstatement to the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the key audit matter described in the Conclusions relating to going concern section above, we have identified the following key audit matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue Recognition See Note 7 and relevant accounting policies in Note 28.	The group's contracts with customers can involve multiple performance obligations. Therefore, revenue recognition related to each performance obligation requires judgement over the assessment of the separate contract performance obligations. We assessed revenue recognition as a fraud risk as revenue forms the basis for certain of the Group's key performance indicators, both in external communications and for management incentives. We identified specific risks of fraud and error in respect of inappropriate revenue recognition given the nature of the Group's contracts with customers as follows: • The recognition of revenue in the appropriate period, including the deferral, or accrual, of revenue, i.e. cut-off; • The completeness of revenue; and • Inappropriate measurement of revenue attributed to each deliverable within a contract with a customer. We therefore considered revenue recognition to be a key audit matter.	Our audit work included the following procedures on the revenue recognition: • We evaluated management's determination of whether the nature of the Group's products results in the provision of a deliverable at a point in time or over a contractual term. This included the assessment of new or one-off transactions; • For a sample of customers, we tested all revenue transactions in FY2020 with the customers to (1) ensure a proper identification of deliverables; (2) proper and consistent allocation of the contract price to the performance obligations satisfied over time and at a point in time; (3) for deliverables, for which revenue is earned over time, accurate calculation of the revenue and deferred revenue based on the progress of the contract, (4) consistent application of the revenue recognition policy, and (5) appropriate period of revenue recognition with reference to contractual documents; • We performed a search for revenue recorded through journal entries and tested for any unusual entries, or entries that were posted outside of normal business processes. We investigated any unusual items to establish whether any sale had occurred in the financial year to support the revenue recognised; • We performed certain specific procedures to address the risk of management override, which included testing of unusual, new or significant transactions or contractual terms; • We tested the completeness of revenue by ensuring all projects won per the client management system tied back to the underlying accounting records; • We obtained management's analysis for a sample of contracts and assessed the Group's estimate of the fair value attributed to each identified performance obligation within each sampled contract and the timing of revenue recognition for each deliverable; and • We also considered the adequacy of the Group's disclosures relating to revenue recognition in Notes 7 and 28.

Key observations

Based on procedures performed, we consider that revenue has been recognised appropriately.

An overview of the scope of our audit continued

Key audit matters continued

Key audit matter		How the scope of our audit addressed the key audit matter
Capitalisation of development costs See Note 15 and relevant accounting policies in Note 28.	The Directors apply judgement in the classification of expenditure as capital in nature rather than ongoing operational expenditure. The significant judgement and related risk is that internal costs are capitalised that should be expensed under the requirements of IAS 38 – Intangible assets. Due to the judgements involved on this area we considered it to be a key audit matter.	Our audit work included the following procedures on capitalisation of development costs: • For a sample of items capitalised during the year we assessed the nature cost and evaluated the appropriateness of its classification as capitalised costs, having regard to IAS 38 requirements. This included assessing whether major projects are technically feasible and commercially viable by reference to existing orders and future forecasts given the core technology; • We agreed the existence of a sample of employees to contracts including verifying their salary costs, identifying roles and responsibilities to determine if the portion of costs capitalised reflects the work performed on the systems; and • We considered the appropriateness of the related disclosures provided in the Group financial statements.

Key observations
Based on procedures performed, consider the judgements made by management in capitalising development costs were reasonable and the development costs capitalised were in line with the requirements of IAS 38.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of development costs See Note 15 and relevant accounting policies in Note 28.	The Group continues to be loss making and as result, the Group has tested previously capitalised development costs for impairment. There remains a degree of uncertainty around whether expected revenues and profits will be realised and be sufficient to ensure recoverability of the assets recognised on the balance sheet.	Our audit work included the following procedures on carrying value of development costs: • We performed audit procedures on the reasonableness of the growth rates, margin and the discount rate applied including comparison to economic and industry forecasts where appropriate with assistance from our BDO valuation specialist; • We assessed the appropriateness of the key assumptions used in the FY21 forecast including new customer acquisition (pipeline) to supporting evidence, upsell/add-ons and level of loss of customers by assessing these against the results achieved in FY20; • We performed sensitivity analysis of management's model in respect of the key assumptions such as discount rate and growth rates to ensure there was sufficient headroom in their calculation; and • We considered the appropriateness of the related disclosures provided in the Group financial statements.

Key observations
Based on procedures performed, we considered that management's judgements and disclosures were appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Our application of materiality continued

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2020 $k	2019 $k
Materiality	350	375
Basis for determining materiality	1.25% of three-year average loss before tax. We have lowered the percentage used as it provides a more stable measure year on year of performance from a financial and operational perspective for the Group.	2% of three-year average loss before tax.
Rationale for the benchmark applied	Suitable benchmark to address the performance of a non-profitable business.	Suitable benchmark to address the performance of a non-profitable business.
Performance materiality	227	244
Basis for determining performance materiality	65% of materiality.	65% of materiality.

In reaching our conclusion on the level of performance materiality to be applied the main factor considered was our assessment of the Group's internal controls and the impact of these on our proposed audit strategy.

Component materiality

We set materiality for each component of the Group based on a percentage of between 38% and 65% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $134k to $250k. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $17,000 (2019: $19,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts 2020 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies (Jersey) Law 1991 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies (Jersey) Law 1991 and ISAs (UK) to report on certain opinions and matters as described below.

Matters on which we are required to report by exception	We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion: • proper accounting records have not been kept by the Group or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the relevant tax compliance regulations in the jurisdictions in which the Group operates, of which the key ones relate to the reporting framework (IFRS and the Companies (Jersey) Law 1991). We made enquiries of management and corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee and attendance at all meetings of the Audit Committee, as well as consideration of the results of our audit procedures across the Group.
- Our procedures involved journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business and manual consolidation entries; and challenging the assumptions and judgements made by management in respect of significant accounting estimates as referred to in the key audit matters section above.
- In areas impacting Group key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk, as described in the revenue recognition key audit matter section above.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Butcher
For and on behalf of BDO LLP, Chartered Accountants
London, UK
4 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

Continuing operations	Note	31 December 2020 Total $'000	31 December 2019 Total $'000
Revenue	6,7	10,532	16,155
Cost of sales	8	(1,066)	(1,186)
Gross profit		9,466	14,969
Operating expenses	8,9	(43,373)	(42,148)
Operating loss	9	(33,907)	(27,179)
Finance income	10	305	604
Finance costs	10	(2,183)	(2,574)
Net finance costs	10	(1,878)	(1,970)
Loss before tax		(35,785)	(29,149)
Income tax	11	1,453	885
Loss for the year		(34,332)	(28,264)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		3,872	1,765
Other comprehensive income for the year, net of tax		3,872	1,765
Total comprehensive income for the year attributable to owners of the parent		(30,460)	(26,499)
Loss per share			
Basic and diluted loss per share	12	($0.68)	($0.63)

The notes on pages 59 to 87 are an integral part of these consolidated financial statements.

Consolidated statement of financial position
At 31 December 2020

	Note	31 December 2020 $'000	31 December 2019 $'000
Assets			
Property, plant and equipment	14	2,895	3,735
Intangible assets	15	5,027	4,877
Other non-current assets	16	2,215	3,016
Non-current assets		10,137	11,628
Trade and other receivables	17	10,142	8,545
Cash and cash equivalents	18	21,039	23,354
Current assets		31,181	31,899
Total assets		41,318	43,527
Equity			
Share capital	19(a)	7,641	7,097
Share premium		172,868	149,336
Translation reserve	19(c)	(1,711)	(5,583)
Merger reserve	19(c)	1,247	1,247
Retained earnings		(150,851)	(121,922)
Total equity		29,194	30,175
Liabilities			
Loans and borrowings	20	1,778	2,889
Deferred income	21	659	1,188
Deferred tax liabilities	11	4	4
Non-current liabilities		2,441	4,081
Current tax liabilities		12	66
Loans and borrowings	20	1,115	2,212
Trade and other payables	22	5,462	4,371
Deferred income	21	3,094	2,622
Current liabilities		9,683	9,271
Total liabilities		12,124	13,352
Total equity and liabilities		41,318	43,527

The notes on pages 59 to 87 are an integral part of these consolidated financial statements.

The financial statements on pages 55 to 87 were approved by the Board of Directors on 4 May 2021 and signed on its behalf by:

David Richards
Chairman and CEO

Erik Miller
Chief Financial Officer

Company registered number: 110497

Consolidated statement of changes in equity

For the year ended 31 December 2020

	Note	Share capital $'000	Share premium $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total equity $'000
		Attributable to owners of the Company					
Balance at 31 December 2018		6,361	115,909	(7,348)	1,247	(102,365)	13,804
Total comprehensive income for the year							
Loss for the year		–	–	–	–	(28,264)	(28,264)
Other comprehensive income for the year		–	–	1,765	–	–	1,765
Total comprehensive income for the year		–	–	1,765	–	(28,264)	(26,499)
Transactions with owners of the Company							
Contributions and distributions							
Equity-settled share-based payment	13(d)	–	–	–	–	8,707	8,707
Proceeds from share placing		706	33,085	–	–	–	33,791
Share options exercised		30	342	–	–	–	372
Total transactions with owners of the Company		736	33,427	–	–	8,707	42,870
Balance at 31 December 2019		7,097	149,336	(5,583)	1,247	(121,922)	30,175
Total comprehensive income for the year							
Loss for the year		–	–	–	–	(34,332)	(34,332)
Other comprehensive income for the year		–	–	3,872	–	–	3,872
Total comprehensive income for the year		–	–	3,872	–	(34,332)	(30,460)
Transactions with owners of the Company							
Contributions and distributions							
Equity-settled share-based payment	13(d)	–	–	–	–	5,403	5,403
Share options exercised		162	106	–	–	–	268
Proceeds from share placing		382	23,426	–	–	–	23,808
Total transactions with owners of the Company		544	23,532	–	–	5,403	29,479
Balance at 31 December 2020		7,641	172,868	(1,711)	1,247	(150,851)	29,194

The notes on pages 59 to 87 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Loss for the year		(34,332)	(28,264)
Adjustments for:			
– Depreciation of property, plant and equipment	14	1,203	1,101
– Amortisation of intangible assets	15	5,070	5,701
– Net finance costs/(income)		69	(77)
– Income tax	11	(1,453)	(885)
– Foreign exchange		3,773	1,869
– Equity-settled share-based payment	13(d)	5,403	8,707
		(20,267)	(11,848)
Changes in:			
– Trade and other receivables		339	(1,203)
– Trade and other payables		910	(562)
– Deferred income		(57)	(508)
Net working capital change		1,192	(2,273)
Cash used in operating activities		(19,075)	(14,121)
Interest paid		(294)	(446)
Income tax received		662	807
Net cash used in operating activities		(18,707)	(13,760)
Cash flows from investing activities			
Interest received	10	21	258
Acquisition of property, plant and equipment		(307)	(841)
Development expenditure	15	(5,220)	(5,062)
Net cash used in investing activities		(5,506)	(5,645)
Cash flows from financing activities			
Proceeds from issue of share capital		24,076	34,163
Repayment of bank loan	20(c)	(1,666)	(1,667)
Payment of lease liabilities	20(c)	(595)	(502)
Net cash from financing activities		21,815	31,994
Net (decrease)/increase in cash and cash equivalents		(2,398)	12,589
Cash and cash equivalents at 1 January		23,354	10,757
Effect of movements in exchange rates on cash held		83	8
Cash and cash equivalents at 31 December	18	21,039	23,354

The notes on pages 59 to 87 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2020

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. The Company's registered office is 47 Esplanade, St. Helier, Jersey JE1 0BD. These consolidated financial statements 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 (see Note 6).

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU. They were authorised for issue by the Company's Board of Directors on 4 May 2021.

Under Article 105(11) of the Companies (Jersey) Law 1991, a parent Company preparing consolidated financial statements need not present solus (parent Company only) financial information, unless required to do so by an ordinary resolution of the Company's members.

(a) Accounting policies

Details of the Group's accounting policies are included in Note 28. The policies have been consistently applied to all the years presented, unless otherwise stated.

The following new standards and amendments to standards that are effective for the first time for the financial year beginning 1 January 2020 have been adopted:

- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- COVID-19-Related Rent Concessions (Amendment to IFRS 16); and
- Amendments to References to the Conceptual Framework in IFRS Standards.

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

(b) Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities as disclosed in Note 20.

As at 31 December 2020 the Group had net assets of $29.2m (31 December 2019: $30.2m), including cash of $21.0m (2019: $23.4m) as set out in the consolidated statement of financial position, with a debt facility fully drawn of $0.6m (2019: debt facility fully drawn of $2.2m). In the year ended 31 December 2020, the Group incurred a loss before tax of $35.8m (2019: $29.1m) and net cash outflows before financing of $24.2m (2019: $19.4m).

During 2020, the performance of the Group declined, with revenue reducing by 35% to $10.5m (2019: $16.2m) and operating loss increasing to $33.9m (2019: $27.2m).

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, 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, details of which are included in Note 20. The cash flow model includes the injection of $42.5m of cash which was raised following the year end ($30m on 9 March 2021 and $12.5m approved by the shareholders on 29 March 2021).

Whilst the Directors are confident in the Group's ability to grow revenue, the Board's sensitivity modelling (which considered the impact of Brexit and COVID-19) shows that the Group can remain within its facilities in the event that revenue growth is delayed (i.e. revenue does not increase from the level reported in 2020) 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 2020. 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.

3. Functional and presentational currency

See accounting policy in Note 28(b).

The consolidated financial statements are presented in US dollars, as the revenue for the Group is predominantly 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.

4. Use of judgements and estimates

See accounting policy in Note 28(c).

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 7 – revenue recognition.
- Note 15 – development costs.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 7 – revenue recognition: allocation of value to maintenance and support element of subscription arrangements.
- Note 15 – impairment test of intangible assets: key assumptions underlying recoverable amounts, including the recoverability of development costs.

(c) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 13 – share-based payment.

5. 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 9 for a reconciliation.
- Adjusted EBITDA: Operating loss adjusted for: depreciation, amortisation and equity-settled share-based payment. See Note 9 for a reconciliation.

6. Operating segments

See accounting policy in Note 28(e).

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

(a) Geographical segments

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

Revenue	2020 $'000	2019 $'000
North America – USA	8,635	6,551
North America – other	34	44
Europe	1,096	2,152
Rest of the world – China	412	5,036
Rest of the world – South Africa	62	2,088
Rest of the world – other	293	284
	10,532	16,155

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

(b) Major products

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

(c) Major customers

	2020 % of revenue	2020 $'000 revenue	2019 % of revenue	2019 $'000 revenue
Customer 1	24%	2,515	–	–
Customer 2	10%	1,070	–	–
Customer 3	3%	265	19%	3,117
Customer 4	1%	62	13%	2,088
Customer 5	1%	137	11%	1,857

No other single customers contributed 10% or more to the Group's revenue (2019: nil).

7. Revenue

See accounting policy in Note 28(d).

The Group generates revenue primarily from the sale of global collaboration software to its customers; see Note 6.

(a) Split of revenue by timing of revenue recognition

Revenue	2020 $'000	2019 $'000
Licences and services transferred at a point in time	7,607	12,596
Services transferred over time	2,925	3,559
	10,532	16,155

7. Revenue continued

(b) Contract balances

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

	2020 $'000	2019 $'000
Receivables, which are included in "Other non-current assets – accrued income"	2,124	2,826
Receivables, which are included in "Trade and other receivables – accrued income"	1,480	2,964
Contract liabilities, which are included in "Deferred income – non-current"	(659)	(1,188)
Contract liabilities, which are included in "Deferred income – current"	(3,094)	(2,622)

Total contract assets	2020 $'000	2019 $'000
At 1 January	5,790	4,994
Excess of revenue recognised over rights to cash being recognised in the period	758	3,103
Impairment of contract assets	(368)	–
Interest on contract assets	284	346
Transfers in the period from contract assets to trade receivables	(2,860)	(2,653)
At 31 December	3,604	5,790

Total contract liabilities	2020 $'000	2019 $'000
At 1 January	3,810	4,318
Amount invoiced in advance of performance and not recognised as revenue during the period	2,565	2,533
Amount included in contract liabilities that was recognised as revenue during the period	(2,622)	(3,041)
At 31 December	3,753	3,810

(c) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Revenue is recognised either when the performance obligation in the contract has been performed (so "point in time" recognition) or "over time" as control of the performance obligation is transferred to the customer.

8. Expenses

(a) Expenses by nature

	Note	2020 $'000	2019 $'000
Cost of sales		1,066	1,186
Staff costs		27,570	26,624
Development costs capitalised	15	(5,220)	(5,062)
Amortisation of development costs	15	5,070	5,284
Amortisation of other intangible assets	15	–	417
Depreciation of property, plant and equipment	14	1,203	1,101
Auditor's remuneration	8(b)	193	180
Other expenses		14,557	13,604
Operating expenses		43,373	42,148
Total cost of sales and operating expenses		44,439	43,334

Included in staff costs above are $326,000 (2019: $284,000) relating to payments made to defined contribution plans.

8. Expenses continued

(b) Auditor's remuneration

	2020 $'000	2019 $'000
Audit of these financial statements	135	126
Amounts receivable by auditor in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	58	54
	193	180

9. Adjusted EBITDA and cash overheads

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.

(a) Reconciliation of operating loss to "Adjusted EBITDA"

	Note	2020 $'000	2019 $'000
Operating loss		(33,907)	(27,179)
Adjusted for:			
Amortisation and depreciation		6,273	6,802
Equity-settled share-based payment	13(d)	5,403	8,707
Adjusted EBITDA		(22,231)	(11,670)
Development expenditure capitalised	15	(5,220)	(5,062)
Adjusted EBITDA including development expenditure		(27,451)	(16,732)

(b) Reconciliation of operating expenses to "Cash overheads"

	Note	2020 $'000	2019 $'000
Operating expenses	8(a)	(43,373)	(42,148)
Adjusted for:			
Amortisation and depreciation		6,273	6,802
Equity-settled share-based payment	13(d)	5,403	8,707
Development expenditure capitalised	15	(5,220)	(5,062)
Cash overheads		(36,917)	(31,701)

10. Net finance costs

See accounting policy in Note 28(j).

	2020 $'000	2019 $'000
Interest income on cash and cash equivalents	21	258
Interest income on non-current assets	284	346
Net foreign exchange gain	–	–
Finance income	305	604
Net foreign exchange loss	(1,809)	(2,047)
Interest payable on bank borrowings	(71)	(237)
Finance charges	(65)	–
Leases (interest portion)	(202)	(209)
Loan amortisation costs	(36)	(81)
Finance costs	(2,183)	(2,574)
Net finance costs	(1,878)	(1,970)

The net foreign exchange loss arose on sterling-denominated intercompany balances. These balances were retranslated at the closing exchange rate at 31 December 2020, which was 1.36, a 3.5% increase compared to the rate of 1.31 at 31 December 2019. The loss on intercompany balances in the Consolidated statement of profit or loss is offset by an equivalent exchange gain on the retranslation of the intercompany balances, which is included in the retranslation of net assets of foreign operations, included in the other comprehensive income.

11. Income tax

See accounting policy in Note 28(k).

(a) Amounts recognised in profit or loss

	2020 $'000	2019 $'000
Current tax expense		
Current year	1,194	636
Changes in estimates related to prior year	259	249
Income tax	1,453	885

11. Income tax continued

(b) Reconciliation of effective tax rate

	2020 %	2020 $'000	2019 %	2019 $'000
Loss before tax from continuing operations		35,785		29,149
Tax using the Company's domestic tax rate	21%	7,515	21%	6,121
Effect of tax rates in foreign jurisdictions	0%	(76)	0%	(61)
Tax effect of:				
Non-deductible expenses	(2%)	(832)	(5%)	(1,476)
Tax exempt expenses	(1%)	(311)	(1%)	(317)
R&D tax credits	1%	523	1%	351
Losses not recognised for current or deferred tax	(16%)	(5,625)	(14%)	(3,982)
Changes in estimates related to prior year	1%	259	1%	249
	4%	1,453	3%	885

Non-taxable expenses reflects the tax impact of the foreign exchange translation loss included in loss before tax.

The changes in estimates related to prior year of $259k (2019: $249k) includes an additional amount now recognised in respect of research and development tax credits relating to prior year of $235k (2019: $249k).

(c) Factors affecting the current and future tax charges

The Finance Act 2016 reduced the corporation tax rate to 17% with effect from 1 April 2020 and so this rate was used in the December 2019 deferred tax calculations. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction to 17% would no longer be taking effect. The changes announced during the Budget of 11 March 2020 were substantively enacted as at the 2020 balance sheet date, therefore, all opening deferred taxation balances have been remeasured at 19%.

In December 2017, numerous changes to the tax laws were enacted in the US, including a decrease in the corporate tax rate from 35% to 21%. The deferred tax balance for US tax resident members of the Group at 31 December 2020 has been calculated based on the rate of 21% (2019: 21%).

(d) Deferred tax assets and liabilities

Deferred tax liabilities are attributable to the following temporary differences in respect of property, plant and equipment:

	2020 $'000	2019 $'000
Deferred tax liabilities	(4)	(4)

The Group has unrecognised deferred tax assets of $27,289,000 (2019: $21,491,000) in respect of tax losses arising in the Group.

The Directors consider that there is not enough certainty over the availability of future taxable profits against which these losses may be offset and no asset has therefore been recognised.

12. 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:

	2020 $'000	2019 $'000
Loss for the year attributable to ordinary shareholders	34,332	28,264

Weighted average number of ordinary shares

	2020 Number of shares '000	2019 Number of shares '000
Issued ordinary shares at 1 January	48,241	42,523
Effect of shares issued in the year	2,251	2,608
Weighted average number of ordinary shares at 31 December	50,492	45,131

	2020 $	2019 $
Basic loss per share	0.68	0.63

(b) Adjusted loss per share

Adjusted loss per share is calculated based on the loss attributable to ordinary shareholders before net foreign exchange loss, acquisition-related items and the cost of equity-settled share-based payment, and the weighted average number of ordinary shares outstanding:

	2020 $'000	2019 $'000
Loss for the year attributable to ordinary shareholders	34,332	28,264
Adjusted for:		
Net foreign exchange loss	(1,809)	(2,047)
Equity-settled share-based payment	(5,403)	(8,707)
Adjusted loss for the year	27,120	17,510

	2020 $	2019 $
Adjusted loss per share	0.54	0.39

(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.

13. Share-based payment

See accounting policy in Note 28(g)(ii).

(a) Description of share-based payment arrangements

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.

13. Share-based payment continued

(a) Description of share-based payment arrangements continued

The terms and conditions of the share option grants between 14 September 2011 (the date WANdisco plc acquired WANdisco, Inc.) and 31 December 2020 are as follows:

			2020		2019	
Year of grant	Range of exercise prices	Vesting schedule	Number outstanding	Weighted average remaining contractual life	Number outstanding	Weighted average remaining contractual life
Prior to 2017	£0.10	3,4	75,455	4.7	77,455	5.7
Prior to 2017	£0.23–£4.55	1,2,4	1,285,276	3.7	1,311,833	4.8
2017	£0.10	4	66,667	6.7	220,001	7.7
2017	£3.90–£8.39	3	1,161,733	6.5	1,167,132	7.5
2018	£0.10	3,4,7	315,827	7.7	1,359,410	8.7
2018	£3.60–£8.34	3	71,915	7.7	83,082	8.7
2019	£0.10	4,7	588,436	8.3	730,744	9.3
2019	£5.10–£5.95	3	66,110	8.4	78,500	9.4
2020	£0.10	4,5,8,9	434,660	9.7	—	—
2020	£4.70–£5.10	3	205,605	9.7	—	—
			4,271,684	6.5	5,028,157	7.4

The following vesting schedule applies:

1. 25% of option vests on exercisable commencement date; 1/48 of granted option shares vest monthly thereafter.
2. Option vests on third anniversary of the date of grant.
3. Option vests 33% on first anniversary of vesting commencement date, with the balance vesting monthly thereafter until final vesting date.
4. Option vests in three instalments: 1/3rd on first anniversary of vesting commencement date, 1/3rd on second anniversary and 1/3rd on third anniversary.
5. Option vests 100% on first anniversary of vesting commencement date.
6. Option vests in two instalments: 50% on the first anniversary of vesting commencement date and 50% on the second anniversary.
7. Option vests in two instalments: 30% on the second anniversary of vesting commencement date and 70% on the third anniversary.
8. Option vests 1/6th of the shares granted every six months.
9. Option vests 1/6th after six months, 1/3rd after 18 and 30 months and 1/6th after 36 months.

(b) Measurement of fair values

The fair value of the employee share purchase plan has been measured using a Black-Scholes option pricing model.

The inputs used in the measurement of fair values at grant date of the equity-settled share-based payment plans granted during the year were as follows:

	2020	2019
Weighted average share price	$7.05	$6.39
Exercise price	$2.19	$0.78
Dividend yield	0%	0%
Risk-free interest rate	0.07%	0.73%
Expected volatility	30%	30%
Expected life (years)	1–5 years	1–3 years
Weighted average fair value of options granted during the year	$4.85	$6.00

- The dividend yield is based on the Company's forecast dividend.
- The risk-free interest rate is based on the treasury bond rates for the expected life of the option.
- Expected volatility is based on the historical volatility of shares of listed companies with a similar profile to the Company.
- Expected life in years is determined from the average expected period to exercise.

13. Share-based payment continued

(c) Reconciliation of outstanding share options

The number and weighted average exercise prices of share options (including previous options in WANdisco, Inc.) under the share option plans were as follows:

	Number of options 2020	Weighted average exercise price 2020 $	Number of options 2019	Weighted average exercise price 2019 $
Outstanding at 1 January	5,028,157	2.57	4,662,070	2.80
Forfeited during the year	(159,190)	1.21	(283,257)	1.77
Exercised during the year	(1,272,143)	0.22	(229,965)	1.57
Granted during the year	674,860	2.19	879,309	0.78
Outstanding at 31 December	4,271,684	3.47	5,028,157	2.57
Exercisable at 31 December	2,784,861	4.72	2,983,106	3.41
Vested at the end of the year	2,784,861	4.72	2,983,106	3.41

	2020 $	2019 $
Exercise price in the range:		
From	0.14	0.13
To	11.39	10.65

	2020 Years	2019 Years
Weighted average contractual life remaining	6.5	7.4

(d) Expense recognised in profit or loss

	2020 $'000	2019 $'000
Total equity-settled share-based payment charge	5,403	8,707

14. Property, plant and equipment

See accounting policy in Notes 28(l) and (q).

(a) Reconciliation of carrying amount

	Right of use assets $'000	Leasehold improvements $'000	Fixtures and fittings $'000	Computers $'000	Total $'000
Cost					
Balance at 1 January 2019	—	206	327	1,714	2,247
Impact of change in accounting policy – IFRS 16	1,865	—	—	—	1,865
Adjusted balance at 1 January 2019	1,865	206	327	1,714	4,112
Additions	1,301	417	17	407	2,142
Disposals	—	—	—	(2)	(2)
Effect of movements in exchange rates	3	2	5	20	30
Balance at 31 December 2019	3,169	625	349	2,139	6,282
Balance at 1 January 2020	**3,169**	**625**	**349**	**2,139**	**6,282**
Additions	**14**	**8**	**6**	**293**	**321**
Effect of movements in exchange rates	**50**	**17**	**6**	**27**	**100**
Balance at 31 December 2020	**3,233**	**650**	**361**	**2,459**	**6,703**
Accumulated depreciation					
Balance at 1 January 2019	—	(156)	(284)	(979)	(1,419)
Depreciation	(573)	(40)	(17)	(471)	(1,101)
Disposals	—	—	—	2	2
Effect of movements in exchange rates	(5)	(2)	(4)	(18)	(29)
Balance at 31 December 2019	(578)	(198)	(305)	(1,466)	(2,547)
Balance at 1 January 2020	**(578)**	**(198)**	**(305)**	**(1,466)**	**(2,547)**
Depreciation	**(566)**	**(110)**	**(23)**	**(504)**	**(1,203)**
Effect of movements in exchange rates	**(18)**	**(7)**	**(5)**	**(28)**	**(58)**
Balance at 31 December 2020	**(1,162)**	**(315)**	**(333)**	**(1,998)**	**(3,808)**
Carrying amounts					
At 31 December 2019	2,591	427	44	673	3,735
At 31 December 2020	**2,071**	**335**	**28**	**461**	**2,895**

(b) Right of use assets

	Property $'000	Computers $'000	Total $'000
Adjusted balance at 1 January 2019	1,846	19	1,865
Additions	1,300	1	1,301
Depreciation	(568)	(5)	(573)
Effect of movements in exchange rates	(2)	—	(2)
Balance at 1 January 2020	**2,576**	**15**	**2,591**
Additions	**13**	**1**	**14**
Depreciation	**(560)**	**(6)**	**(566)**
Effect of movements in exchange rates	**32**	—	**32**
Balance at 31 December 2020	**2,061**	**10**	**2,071**

14. Property, plant and equipment continued

(b) Right of use assets continued

Property leases

The Group leases land and buildings for its office space. These leases run between three and ten years. Some leases include the option to renew the lease for an additional period of the same duration after the end of the contract term. Options to renew are only included in the term if it is reasonably certain that the option will be exercised.

Some leases provide for additional rent payments based on local price indices.

Other leases

The Group leases computer equipment, with lease terms of three to five years. For the low-value items, the Group has elected not to recognise right of use assets and lease liabilities for these leases.

15. Intangible assets

See accounting policy in Notes 28(m) and (p).

(a) Reconciliation of carrying amount

	Goodwill on business combinations $'000	Development costs $'000	Computer software $'000	Total $'000
Cost				
Balance at 1 January 2019	3,154	48,229	1,689	53,072
Acquisitions – internally developed	—	5,062	—	5,062
Balance at 31 December 2019	3,154	53,291	1,689	58,134
Balance at 1 January 2020	**3,154**	**53,291**	**1,689**	**58,134**
Acquisitions – internally developed	**—**	**5,220**	**—**	**5,220**
Balance at 31 December 2020	**3,154**	**58,511**	**1,689**	**63,354**
Accumulated amortisation				
Balance at 1 January 2019	(3,154)	(43,130)	(1,272)	(47,556)
Amortisation	—	(5,284)	(417)	(5,701)
Balance at 31 December 2019	(3,154)	(48,414)	(1,689)	(53,257)
Balance at 1 January 2020	**(3,154)**	**(48,414)**	**(1,689)**	**(53,257)**
Amortisation	**—**	**(5,070)**	**—**	**(5,070)**
Balance at 31 December 2020	**(3,154)**	**(53,484)**	**(1,689)**	**(58,327)**
Carrying amounts				
At 31 December 2019	—	4,877	—	4,877
At 31 December 2020	**—**	**5,027**	**—**	**5,027**

(b) Amortisation

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

15. Intangible assets continued

(c) Impairment test

The carrying amount of the intangible assets is allocated across cash-generating units ("CGUs"). A CGU is defined as the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. The recoverable amount of the CGUs is determined using value in use ("VIU") calculations. As at 31 December 2020 and 2019, the Group had one CGU, the DConE CGU, which represents the Group's patented DConE replication technology, forming the basis for all products sold by the Group.

Goodwill on business combinations arose as part of the acquisitions of OhmData, Inc. in June 2014 and AltoStor, Inc. in November 2012. The intangibles arising as part of these acquisitions are allocated to the DConE CGU. The recoverable amount of the DConE CGU has been calculated on a VIU basis at both 31 December 2020 and 31 December 2019. These calculations use cash flow projections based on Board approved budget and financial forecasts, which anticipate growth in the Group's installed base along with new customer growth, resulting in an average revenue growth of 71% over the five-year period with a 16% increase in cost base over the five-year period, and appropriate long-term growth rates. To prepare VIU calculations, the cash flow forecasts are discounted back to present value using a pre-tax discount rate of 10% (2019: 10%) and a terminal value growth rate of 2% (2019: 2%) from 2025. The Directors have reviewed the recoverable amount of the CGU and do not consider there to be any indication of impairment.

A sensitivity analysis was performed for the DConE CGU and management concluded that no reasonably possible change in any of the key assumptions would cause for the carrying value of the DConE CGU to exceed its recoverable amount.

(d) Development costs

Development costs are predominantly capitalised staff costs associated with new products and services. Development costs are allocated to the DConE CGU, the recoverable amount of which has been determined on a VIU basis as described above.

16. Other non-current assets

Due in more than a year	2020 $'000	2019 $'000
Other receivables	91	190
Accrued income	2,124	2,826
	2,215	3,016

17. Trade and other receivables

See accounting policy in Note 28(n).

Due within a year	2020 $'000	2019 $'000
Trade receivables	5,319	2,773
Other receivables	411	753
Accrued income	1,480	2,964
Corporation tax	2,277	1,441
Prepayments	655	614
Total trade and other receivables	10,142	8,545

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 23(a)(ii) and (iv).

18. Cash and cash equivalents

	2020 $'000	2019 $'000
Bank balances	21,039	23,354

19. Equity

See accounting policy in Note 28(o).

(a) Share capital

	2020 Number	2020 $'000	2019 Number	2019 $'000
Share capital				
Allotted and fully paid – par value 10 pence	52,613,023	7,641	48,240,880	7,097
Authorised – par value 10 pence	100,000,000		100,000,000	

The ordinary share capital of WANdisco plc is designated in sterling.

(b) Ordinary shares

During the year, 1,272,143 ordinary shares were issued because of employees exercising share options.

On 12 June 2020 the Group announced the results of a placing (which was approved by General Meeting on 29 June 2020) for the subscription of 3,100,000 new ordinary shares of 10 pence each in the Company (comprising 2,362,515 placing shares and 737,485 direct subscription shares) at a price of 650 pence (a discount of 12.2% on the closing share price on 11 June 2020) raising gross proceeds of $24.9m. Transaction costs were $1.1m.

Following the year end on 9 March 2021 the Group announced a new subscription of shares to an existing shareholder for 4,864,480 new ordinary shares of 10 pence each in the Company at a price of 446 pence raising gross proceeds of $30.0m.

In addition, on 10 March 2021 the Group announced the placing (which was approved by General Meeting on 29 March 2021) for 804,972 new ordinary shares of 10 pence each in the Company together with the subscription of 1,216,120 new ordinary shares of 10 pence each at a price of 446 pence (a discount of 0.4% on the closing share price on 9 March 2021), raising gross proceeds of $12.5m.

(c) Nature and purpose of reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Merger reserve

The acquisition by WANdisco plc of the entire share capital of WANdisco, Inc. in 2012 was accounted for as a reverse acquisition. Consequently, the previously recognised book values and assets and liabilities were retained and the consolidated financial information for the period to 16 May 2012 has been presented as a continuation of the WANdisco business, which was previously wholly owned by the WANdisco, Inc. Group.

The share capital for the period covered by these consolidated financial statements and the comparative periods is stated at the nominal value of the shares issued pursuant to the above share arrangement. The difference between the nominal value of these shares and the nominal value of WANdisco, Inc. shares at the time of the acquisition has been transferred to the merger reserve.

20. Loans and borrowings

See accounting policy in Notes 28(n) and (q).

	2020 $'000	2019 $'000
Non-current liabilities		
Secured bank loan	–	555
Lease liabilities	1,778	2,334
	1,778	2,889
Current liabilities		
Current portion of secured bank loan	556	1,667
Current portion of lease liabilities	559	545
	1,115	2,212
Total loans and borrowings	2,893	5,101

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 23.

20. Loans and borrowings continued

(a) Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

				31 December 2020		31 December 2019	
Borrowing	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Secured bank loan	US dollars	US prime rate + 1.5%	2021	556	556	2,318	2,222
Lease liabilities	US dollars and sterling	8%	3–10 years	2,843	2,337	3,590	2,879
Total interest bearing				3,399	2,893	5,908	5,101

At 31 December 2020, the $0.6m of bank loan (2019: $2.2m) represents term debt drawn down with Silicon Valley Bank. The facility comprises $0.6m (2019: $2.2m) 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. The bank loan is secured over the assets of WANdisco, Inc.

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows

	2020 $'000	2019 $'000
Less than one year	718	758
Between one and five years	1,482	1,989
More than five years	643	843
	2,843	3,590

Expenses relating to short-term leases recognised in profit or loss were $7,000 (2019: $8,300).

(c) Reconciliation of movements in liabilities to cash flows arising from financing activities

	Lease liabilities $'000	Bank loan $'000
Balance at 1 January 2020	2,879	2,222
Non-cash movements		
New lease liability	14	–
Effect of movements in exchange rates	39	–
Cash movements		
Repayment of borrowings	–	(1,666)
Payment of lease liabilities	(595)	–
Total changes from financing cash flows	(595)	(1,666)
Balance at 31 December 2020	2,337	556

21. Deferred income

See accounting policy in Note 28(d).

Deferred income which falls due:	2020 $'000	2019 $'000
Within a year	3,094	2,622
In more than a year	659	1,188
Total deferred income	3,753	3,810

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

22. Trade and other payables

	2020 $'000	2019 $'000
Trade payables	786	864
Accrued expenses	4,676	3,507
	5,462	4,371

23. Financial instruments – fair values and risk management

See accounting policy in Notes 28(n) and (s).

(a) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see (a)(ii));
- liquidity risk (see (a)(iii));
- market risk (see (a)(iv));
- currency risk (see (a)(v)); and
- interest rate risk (see (a)(vi)).

(i) Risk management framework

The Group's risk management policies are established to identify and analyse risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Trade receivables

The carrying amounts of financial assets represent the maximum credit exposure and approximate to their fair value.

Ageing of trade receivables

	2020 $'000	2019 $'000
Neither past due nor impaired	4,650	2,547
Past due but not impaired		
Past due 1–30 days	663	226
Past due 31–90 days	6	–
Total not impaired trade receivables	5,319	2,773

Credit losses of $100,000 were applied to trade receivables in the year ended 31 December 2020 (2019: $nil) . Other than this, there were no other credit losses applied in 2020 or 2019 as they were assessed as low risk. The Group assesses expected credit loss for each individual customer considering their financial position, experience and other factors.

All trade receivables are denominated in US dollars.

Contract assets

Credit losses of $367,500 were applied to contract assets in the year ended 31 December 2020 (2019: $nil). Other than this, there were no other credit losses applied to contract assets in 2020 or 2019 as they were assessed as low risk. This assessment is made for each individual customer considering their financial position, experience and other factors.

Cash and cash equivalents

The Group held cash and cash equivalents of $21.0m at 31 December 2020 (2019: $23.4m). The cash and cash equivalents are held with banks which are rated P-1 for short-term obligations, based on Moody's ratings.

23. Financial instruments – fair values and risk management continued

(a) Financial risk management continued

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have enough liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Board monitors rolling cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections, which included the equity raise post year end for gross proceeds of $42.5m, indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances for at least 12 months from the date of signing these financial statements.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

		Contractual cash flows				
At 31 December 2020	Carrying amount $'000	Total $'000	Less than 12 months $'000	1–2 years $'000	2–5 years $'000	>5 years $'000
Non-derivative financial liabilities						
Secured bank loan	556	556	556	–	–	–
Lease liabilities	2,337	2,843	718	655	827	643
Trade payables	5,462	5,462	5,462	–	–	–
	8,355	8,861	6,736	655	827	643

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

(iv) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

The Group may be affected by general market trends, which are unrelated to the performance of the Group itself. The Group's success will depend on market acceptance of the Group's products and there can be no guarantee that this acceptance will be forthcoming. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

(v) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily US dollars, sterling and Australian dollars.

The following table shows the denomination of the year-end cash and cash equivalents balance:

	Sterling $'000	Australian dollar $'000	Euro $'000	US dollar $'000	Total $'000
2020 cash and cash equivalents	14,703	165	220	5,951	21,039
2019 cash and cash equivalents	1,177	47	935	21,195	23,354

Had the foreign exchange rate between the US dollar and sterling changed by 5%, this would have affected the loss for the year and the net assets of the Group by $796,000 (2019: $648,000).

(vi) Interest rate risk

The Group is exposed to interest rate risk on its $0.6m debt drawing (2019: $2.2m), on which interest is charged at 1.5% above the US prime rate. The interest is sensitive to movements in the US prime rate. The debt is repaid in monthly instalments and will be fully repaid by May 2021.

(vii) Capital management

The Group defines the capital that it manages as its total equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and support the growth of the business. During the year, the Group raised $24.9m gross proceeds from an equity raise and $42.5m following the end of the year.

24. List of subsidiaries

See accounting policy in Note 28(a).

Set out below is a list of the subsidiaries of the Group:

Company name	Country of incorporation	Holding	Proportion of shares held	Nature of business
WANdisco International Limited	UK	Ordinary shares	100%	Development and provision of global collaboration software
WANdisco, Inc.	US	Ordinary shares	100%	Development and provision of global collaboration software
OhmData, Inc.	US	Ordinary shares	100%	Dormant
AltoStor, Inc.	US	Ordinary shares	100%	Dormant
WANdisco, Pty Ltd	Australia	Ordinary shares	100%	Development and provision of global collaboration software
WANdisco Software (Chengdu) Ltd	China	Ordinary shares	100%	Development and provision of global collaboration software

All of the above entities are included in the consolidated financial statements.

25. Commitments and contingencies

At 31 December 2020 the Group had no capital commitments (31 December 2019: $nil). The Group had no contingent liabilities at 31 December 2020 (31 December 2019: none).

26. Related parties

(a) Transactions with key management personnel

Key management personnel compensation comprised the following:

	2020 $'000	2019 $'000
Short-term employee benefits	**4,801**	4,842
Equity-settled share-based payment	**2,825**	6,144
	7,626	10,986

Further details on the remuneration, share options and pension entitlements of the Directors are included in the Directors' share options and the Directors' remuneration tables included in the Remuneration Committee report on pages 44 to 46, which form part of these audited financial statements.

27. Subsequent events

On 9 March 2021 the Group announced a new subscription of shares to an existing shareholder for 4,864,480 new ordinary shares of 10 pence each in the Company at a price of 446 pence raising gross proceeds of $30.0m.

In addition, on 10 March 2021 the Group announced the placing (which was approved by General Meeting on 29 March 2021) for 804,972 new ordinary shares of 10 pence each in the Company together with the subscription of 1,216,120 new ordinary shares of 10 pence each at a price of 446 pence (a discount of 0.4% on the closing share price on 9 March 2021), raising gross proceeds of $12.5m.

28. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration is measured at fair value at the date of acquisition.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

28. Significant accounting policies continued

(a) Basis of consolidation continued

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into US dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into US dollars at an average rate for the year, where this approximates to the foreign exchange rates ruling at the dates the fair value was determined.

Foreign currency differences are recognised in other comprehensive income ("OCI") and accumulated in the translation reserve.

(c) Use of estimates and judgements

The preparation of financial information in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(i) Accounting estimates

The preparation of financial statements in conformity with adopted IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Directors consider the following to be the estimates applicable to the financial statements, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year or in the long term:

Revenue

Key assumption: When allocating revenue between different performance obligations, the fair value of the various components is required, which involves the use of estimates to establish the relative fair values. See Note 7.

(ii) Judgements

The Group applies judgement in how it applies its accounting policies, which do not involve estimation, but could materially affect the numbers disclosed in these financial statements. The key accounting judgements, without estimation, that have been applied in these financial statements are as follows:

Development costs

Capitalisation of development expenditure is completed only if development costs meet certain criteria. Full detail of the criteria is in Note 28(m)(i).

- Alternative accounting judgement that could have been applied – not capitalising development costs.
- Effect of that alternative accounting judgement – reduction of $5,027,000 of assets' carrying value.

28. Significant accounting policies continued

(c) Use of estimates and judgements continued

(ii) Judgements continued

Revenue

An additional area of judgement is the recognition and deferral of revenue in the situation when different performance obligations are bundled. For example, the carve-out of the term licence in a subscription arrangement from the maintenance and support element. When products are bundled together for the purpose of sale, the associated revenue, net of all applicable discounts, is allocated between the constituent parts of the bundle on a relative fair value basis. The Group has a systematic basis for allocating relative fair values in these situations.

- Alternative accounting judgement that could have been applied – alternative methodology to allocate the fair values.
- Effect of that alternative accounting judgement – change in revenue figure and deferred income by the same amount.

(d) Revenue from contracts with customers

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

The details of the accounting policies in relation to the Group's various products and services are set out below:

Type of product/service	IFRS 15 treatment
Software licences – perpetual licences	Under IFRS 15, revenue on perpetual licences is recognised in full once the licence has been granted and the customer has been provided with access to the software as it is considered that control has been passed at that point in time.
Software subscriptions (which include both a term software licence and a maintenance and support contract)	Under IFRS 15 subscription arrangements have been split into two performance obligations which are both considered as distinct: • term software licence; and • maintenance and support. The allocation of transaction price between the two performance obligations is based on an adjusted market assessment approach. Term software licences are treated like perpetual licences with revenue being recognised in full once the licence has been granted and the customer has been provided with access to the software as it is considered that control has been passed at that point in time. The maintenance and support component is spread over the life of the contract as the performance obligation is satisfied over time matching the period of the contract.
Maintenance and support contracts	Maintenance and support revenue is spread over time as the performance obligation is satisfied over the period of the contract.
Training, implementation and professional services	Sales of training, implementation and professional services are recognised on delivery of the services at a point in time.
Royalties	Royalties are accounted for on an accruals basis. Under IFRS 15 the recognition of royalties is prohibited until the sale or usage occurs, even if the sale or usage is probable.
Sales commissions	Under IFRS 15, the costs of obtaining a contract should be recognised as an asset and subsequently amortised if they are incremental and are expected to be recovered. Amortisation is charged on a basis consistent with the transfer to the customer of the licence or services to which the capitalised costs relate.

The Group recognises revenue on a gross basis (as the principal), in with IFRS 15 requirements, when selling through online marketplaces as has the primary responsibility for fulfilling the promise to provide the specified goods or service and has the discretion to establish prices.

28. Significant accounting policies continued

(d) Revenue from contracts with customers continued

The Group determines the transaction price it is entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts. Customers either pay up-front or in payment instalments over the term of the related service agreement.

Contract assets relate to:

- accrued income – licence revenue which has been recognised but has not yet been billed to the customer (as is being billed in instalments over the term of the related service agreement) at the reporting date. The contract asset is transferred to receivables when the Group issues an invoice to the customer.

Contract liabilities relate to deferred income which is recognised as revenue when the performance obligations are satisfied.

(e) Segmental reporting

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

The Group has adopted IFRS 8 "Operating Segments" from the date of transition to IFRS. IFRS 8 requires the Group to determine and present its operating segments based on information which is provided internally to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing the performance of the operating segment, has been identified as the Chief Executive Officer.

(f) Cost of sales

Cost of sales includes commissions earned by our salesforce on sales and direct costs relating to software supply.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past services provided by the employee and the obligation can be estimated reliably.

(ii) Share-based payment arrangements

The grant date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market-based performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within twelve months of the reporting date, then they are discounted.

(h) Government grants

The Group recognises an unconditional government grant related to development costs as deferred income at fair value if there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

(i) Exceptional items

Exceptional items comprise items of income and expense that are material in amount and that merit separate disclosure in order to provide an understanding of the Group's underlying financial performance.

28. Significant accounting policies continued

(j) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(k) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year (including R&D tax credits) and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

28. Significant accounting policies continued

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Computer equipment — Three years
- Fixtures and fittings — Three years
- Leasehold improvements — Three to five years
- Right of use assets — Life of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Other intangible assets (including computer software)	Other intangible assets, including those acquired on acquisition of subsidiaries, have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.
Development costs	Expenditure on research activities is recognised in profit or loss as incurred. Development activities relate to software development and involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if: • development costs can be measured reliably; • the product or process is technically and commercially feasible; • future economic benefits are probable; and • the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. The expenditure capitalised includes direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Otherwise, development costs are recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

28. Significant accounting policies continued

(m) Intangible assets and goodwill continued

(ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

• Other intangible assets	Two years
• Development costs	Two years
• Computer software	Over the life of the software licence

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – business model assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

28. Significant accounting policies continued

(n) Financial instruments continued

(ii) Classification and subsequent measurement continued

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are measured in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis to realise the asset and settle the liability simultaneously.

(o) Share capital

Share capital is denominated in sterling and is translated into US dollars on issue with no subsequent retranslation. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

28. Significant accounting policies continued

(p) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for estimate credit losses ("ECL") on:

- financial assets measured at amortised cost; and
- contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

For other financial assets, when determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer;
- a breach of contract, such as a default; or
- it is probable that the customer will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

28. Significant accounting policies continued

(q) Leases

(i) Policy

The Group applied IFRS 16 with a date of initial application of 1 January 2019. The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are mostly relevant to changing how and for what purpose the asset is used. The Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) As a lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which compromises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

28. Significant accounting policies continued

(q) Leases continued

(ii) As a lessee continued

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

(iii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(r) Operating loss

Operating loss is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating loss excludes net finance costs and income taxes.

(s) Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 23).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

29. Standards issued but not yet effective

Several new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- IFRS 17 "Insurance Contracts" (effective date 1 January 2023);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (effective date 1 January 2023);
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (effective date 1 January 2022);
- Annual Improvements 2018-2020 Cycle (effective date 1 January 2022);
- Reference to the Conceptual Framework (Amendments to IFRS 3) (effective date 1 January 2022);
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) (effective date 1 January 2022);
- Amendments to IFRS 17 (effective date 1 January 2023);
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (effective date 1 January 2023); and
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (effective date 1 January 2021).

Five-year record

31 December	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000
Revenue	11,379	19,637	17,019	16,155	**10,532**
Revenue growth	4%	73%	(13%)	(5%)	**(35%)**
Deferred revenue	12,492	14,160	4,318	3,810	**3,753**
Deferred revenue growth	28%	13%	(70%)	(12%)	**(1%)**
Cash	7,558	27,396	10,757	23,354	**21,039**
Operating loss	(18,398)	(10,603)	(23,237)	(27,179)	**(33,907)**
Amortisation of intangible assets	8,466	6,699	6,475	5,701	**5,070**
Depreciation of property, plant and equipment	174	215	388	1,101	**1,203**
Exceptional items	32	—	—	—	**—**
EBITDA before exceptional items	(9,726)	(3,689)	(16,374)	(20,377)	**(27,634)**
Add back equity-settled share-based payment	2,262	3,109	6,977	8,707	**5,403**
Adjusted EBITDA before exceptional items	(7,464)	(580)	(9,397)	(11,670)	**(22,231)**
Development expenditure capitalised	(5,860)	(6,303)	(4,910)	(5,062)	**(5,220)**
Adjusted EBITDA before exceptional items including development expenditure	(13,324)	(6,883)	(14,307)	(16,732)	**(27,451)**

Note:
- The 2018 figures include the adoption of IFRS 15 “Revenue from Contracts with Customers” and the prior years have not been restated and are prepared on an IAS 18 basis.
- The 2019 figures include the adoption of IFRS 16 “Leases” and the prior years have not been restated and are presented on an IAS 17 basis.

Notice of Annual General Meeting

Notice is given that the ninth Annual General Meeting of WANdisco plc ("the Company") will be held at the UK Company's offices, Castle House, 1–13 Angel Street, Sheffield S3 8LN, on 16 June 2021 at 10am for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. That the Company's financial statements for the year ended 31 December 2020, the Strategic report and the reports of the Directors and auditor thereon be received and considered.
2. That Karl Monaghan be re-elected as a Director of the Company.
3. That Bob Corey be re-elected as a Director of the Company.
4. That BDO LLP be re-appointed as auditor of the Company.
5. That the Directors be authorised to determine the remuneration of the auditor.
6. That, in substitution for all existing authorities but without prejudice to any allotment, offer or agreement already made pursuant thereto, the Directors be and are hereby generally and unconditionally authorised pursuant to Article 2.3 of the Company's Articles of Association ("the Articles") to exercise all powers of the Company to allot, grant options over or otherwise dispose of relevant securities (as that term is defined in the Articles) in respect of up to an aggregate nominal amount of £1,983,287, provided that (unless previously revoked, varied or renewed) this authority shall expire on the earlier of the date which is 15 months after the date the resolution was passed and the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.
7. That, pursuant to Article 58A(1)(b) of the Companies (Jersey) Law 1991 ("the Law") and Article 13 of the Articles, an ordinary share purchased pursuant to resolution 9 below may be held by the Company as treasury shares in accordance with Articles 58A and 58B of the Law.

To consider and, if thought fit, to pass the following resolutions as special resolutions:

8. That, subject to the passing of resolution 6 and pursuant to Article 2.10 of the Articles, the Directors be and are hereby generally empowered to allot, grant options over or otherwise dispose of equity securities (within the meaning of the Articles) wholly for cash, pursuant to the general authority described in resolution 6 above, as if pre-emption rights did not apply to any such allotment, such power being limited to:

   8.1 the allotment of equity securities in connection with a rights issue, open offer or pre-emptive offer to holders on the register of the ordinary shares in the capital of the Company ("ordinary shares") on a date fixed by the Directors where the equity securities respectively attributable to the interests of all those shareholders are proportionate (as nearly as practicable) to their respective holdings on that date subject to any exclusions or other arrangements as the Directors may consider necessary or expedient in relation to fractional entitlements, legal or practical problems under the law of any territory or the regulations or requirements of any relevant regulatory authority or stock exchange in any territory; and

   8.2 the allotment (other than pursuant to resolution 8.1 above) wholly for cash of ordinary shares up to an aggregate nominal amount of £594,986,

   provided that (unless previously revoked, varied or renewed), such authorities shall expire on the earlier of the date which is 15 months after the date the resolution was passed and the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

9. That the Directors be and are hereby authorised pursuant to Article 13 of the Articles and Article 57 of the Law as amended to make market purchases of ordinary shares, subject to the following conditions:

   9.1 the maximum number of ordinary shares authorised to be purchased may not be more than 15% of the issued share capital of the Company as at the date of this Notice;

   9.2 the minimum price (exclusive of expenses) which may be paid for an ordinary share is £0.001; and

   9.3 the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not exceed:

      9.3.1 an amount equal to 105% of the average middle market quotation for ordinary shares taken from the London Stock Exchange plc Daily Official List for the five business days immediately preceding the date on which such shares are to be contracted to be purchased; and

      9.3.2 the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange plc Daily Official List at the time,

   such authority to expire on the earlier of the date which is 15 months after the date the resolution was passed and the conclusion of the next Annual General Meeting of the Company, unless such authority is varied, revoked or renewed prior to such date.

By order of the Board

Larry Webster
Company Secretary
4 May 2021

Registered in Jersey under the Companies (Jersey) Law 1991 with company number 110497.

Registered office

47 Esplanade
St. Helier
Jersey
JE1 0BD

Notes

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 14 June 2021. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 20 minutes prior to the commencement of the Meeting at 10am (UK time) on 16 June 2021 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. You can vote either:
   - by logging on to www.signalshares.com and following the instructions;
   - you may request a hard-copy form of proxy directly from the registrars, Link Group (previously called Capita), on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9am and 5.30pm, Monday to Friday excluding public holidays in England and Wales; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

   In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Group at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, by 10am on 14 June 2021.
7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the registrars before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
8. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in Note 11 below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Notes continued

10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message ("a CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10am on 14 June 2021. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34(1) of the Companies (Uncertificated Securities) (Jersey) Order 1999.

12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

13. As at 27 April 2021 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 59,498,595 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 April 2021 are 59,498,595.

14. In the Company's Articles of Association, Article 22.25 says: Where so requested in the manner set out in section 527(4) of the UK Companies Act 2006 by members who hold shares representing at least 10% of the paid up share capital of the Company (excluding treasury shares) and who have a right to vote at the general meeting at which the Company's annual accounts are laid, the Company shall without prejudice to its obligations under the Companies Law publish on its website a statement setting out any matter relating to the audit of the Company's accounts or any circumstances connected with an auditor of the Company ceasing to hold office, and the Company shall comply with all the obligations relating to the publication of such statement contained in the provisions of sections 527 to 529 (other than sections 527(5) and 527(6)) of the UK Companies Act 2006, provided always that the Company shall not be required to comply with the obligation set out in section 527(1) of the UK Companies Act 2006 where the Board believes in good faith that the rights conferred by this Article 22 are being abused.

15. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

16. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from 9.45am on the day of the Meeting until the conclusion of the Meeting:

    - copies of the Directors' letters of appointment or service contracts.

A copy of this Notice can be found on the Company's website at www.wandisco.com.

Secretary, advisers and share capital information

Secretary
Larry Webster

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Yorkshire and North East Corporate Banking Centre
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Registrars
Link Group

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Central Square
29 Wellington Street
Leeds LS1 4DL

Share capital
The ordinary share capital of WANdisco plc is listed on AIM, a market operated by London Stock Exchange Group plc. The shares are listed under the trading ticker WAND. The ISIN number is JE00B6Y3DV84.

Financial statements

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WANdisco plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Edixion, an FSC® certified material. This document was printed by Opal X using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

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