

Rosslyn Data Technologies plc
(the “Company”, “RDT” or the “Group”)

Interim results for the six months ended 31 October 2021

Rosslyn (AIM:RDT), the provider of a leading cloud based enterprise data analytics platform announces its interim results for the six months ended 31 October 2021.

Highlights

- Significant Investment into core Rapid product, which includes: a transformation of the UI/UX interface, a foundation architecture built to deliver advanced intelligent automation and machine learning; and an enhancement to the product's data mining capabilities.
- Group revenues of £3.1 million (H1 2021: £3.6 million) and gross profit margin of 81.7% (H1 2021 82.2%)
- Administrative expenses increased to £3.91 million (H1 2021: £3.14 million) as a result of investment into product Marketing
- Operating EBITDA loss was £1.38 million (H1 2021: £146,000 loss)
- Annual Recurring Revenue (“ARR”) of £5.3 million (H1 FY2021: £6.2 million)
- We have won three major new deals during this period, including a large 7-figure contract with one of the largest pharmaceutical companies in the world.

Paul Watts, CEO commented, *“Much has been accomplished during the first half of the year to set the Group on a growth trajectory. There was much change in the business set against a complex external operating environment as a result of Covid. However, I believe the Group is now on the right path; we have an ambitious new leadership team in place with a desire and focus to drive growth. The development upgrades to our core RAPid product, together with a brand refresh, will, I believe, fully transform our business and enable us to adopt a new approach to drive scalability, broaden the number of potential users. As we now enter the next phase of our turnaround project, I believe the market opportunity for Rosslyn has never been greater and am excited about what the future holds.”*

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Chief Executive’s Review

The first half year has been an exciting one at Rosslyn where we have embarked on and completed the first phase of a major restructure of our business strategy. On taking over as CEO in April 2021, I instigated a deep dive audit of the core assets within the business. This included not only looking at the products, but also our execution capability across R&D, marketing, sales, and customer support.

The audit project was completed by the middle of the year, with a number of key observations;

- The Company’s core RAPid product still has a strong value proposition within the spend analytics marketplace but was in need of some major modernisation; primarily to transform the user experience, but also to extend the core value of this data deeper into where spend and supplier information management overlap. As such we have invested heavily in developing the next generation of the RAPid product to address these needs which is expected to be launched before the end of March 2022;
- The R&D function has established a product strategy group within the company to better capture requirements and focus on next generation intelligent automation technology,

As much as the feedback captured from customers was positive, it was felt essential that we form a Customer Advisory Board, to marry our strategic product roadmap with the customer's experiences and objectives, which met for the first time in January 2022.

As a result of the operational overview conducted, we have refreshed the Group's Operational Leadership Team, which now consists of 80% new employees all coming from within the B2B SaaS enterprise software space, with a proven track record for executing successful turnaround projects. This team has now been in place for 4-months and I am extremely pleased with how the team is working together.

Importantly we have now have the leadership in place and a focussed strategy upon which to execute which includes, amongst other things;

- To return the business to focus on one core product, that has the highest growth potential, our spend analytics platform, RAPid. This is the Rosslyn spend analytics platform.
- To re-brand Rosslyn, in early 2022, in tandem with the launch of the new version of the software, to present ourselves as a modern focused visionary thought-leader in our market place, underpinned with the most industrial strength solution.

As previously stated the Integritie and Langdon Systems acquisitions, whilst performing well since they became part of the Group, have limited crossover in terms of customer base or strategic rationale. As a result, we are continuing to evaluate how to best capitalize on the Group's core business and deliver the best value to shareholders, which may include the divestment of these non-core elements of the Group.

With a clear strategy now in place for the second half of the year, the focus has shifted to execution of this strategy in order to drive growth and deliver shareholder value. Our objectives in the second half of the year will be:

- To establish core KPI's by which to drive and measure the success of the business in line with industry best practice for B2B SaaS enterprise software;
- To empower the new leadership team with an entrepreneurial operating model to drive their line of business in a fully collaborative environment;
- To put the customer experience at the centre of our business, with a laser focus on ensuring they extract maximum value from our solution;
- To release the new version of Rosslyn with strong customer, partner and analyst endorsement;
- To launch the new re-branded Rosslyn into the marketplace, with voice of customer, and product strategy being at the centre of our core values; and
- To modernise the go-to-market model to incorporate a strong focus on partners. This comes out the back of significant wins with both new and established partners in the first half.

Operational Update

At this time of restructuring, and a change in corporate strategy towards being a single product company we have continued to focus on executing at an operational level.

Our primary focus has been around securing a stronger alignment between our product strategy and customer success execution. We have employed new leadership for both parts of this business. We have also formed our first Customer Advisory Board and produced our first product roadmap with full customer validation. Combining this customer input with the work completed during our strategic audits in mid-year, as well as recent positive reviews from key analysts like SpendMatters (Rosslyn was nominated as a Top-50 vendors in procurement to watch in 2022), give us confidence for the future.

We have won three major new deals during this period, including a large 7-figure contract with one of the largest pharmaceutical companies in the world. There have also been key wins with our partners in the USA and the UK. We will look to expand our partner strategy in 2022, as there is a strong trend across procurement transformation towards architecting best of breed technology.

Our development team is now in Beta testing stage with customers for the highly anticipated Rosslyn-10 platform. This new version will provide the foundation for accelerated enhancements through 2022, as we move our core technology to one that can truly leverage agile development best practice and be deployed in a true SaaS way. This first release will be a complete transformation of the user interface and is focused on democratising complex data technology to non-IT procurement professionals.

Outlook

Rosslyn now finds itself with a new leadership team of experienced professionals from the software industry, who are charged with our next phase of execution. The combination of bringing together the customer and product as the central nervous system of our execution, and the relaunching of a new brand into the market we expect to give us a springboard into 2022 and beyond. We look to the future with increasing confidence.

Consolidated statement of comprehensive income

For the six months ended 31 October 2021

	Notes	Six months ended 31 October 2021 Unaudited £'000	Six months ended 31 October 2020 Unaudited £'000	Year ended 30 April 2021 Audited £'000
Revenue	3	3,094	3,573	7,417
Cost of sales		(565)	(636)	(1,316)
Gross profit		2,529	2,937	6,101
Other operating income	4	-	54	89
Administrative expenses		(3,905)	(3,137)	(7,248)
Depreciation and amortisation		(566)	(567)	(1,106)
Share based payment		(61)	(120)	(204)
Operating loss		(2,003)	(833)	(2,368)
Finance income		3	17	34
Finance costs		(50)	(67)	(124)
Loss before income tax		(2,050)	(883)	(2,458)
Income tax credit		156	171	486
Loss for the period		(1,894)	(712)	(1,972)
Other comprehensive loss		-	-	(2)
Total comprehensive income		(1,894)	(712)	(1,974)
Loss per share				
Basic and diluted loss per share: ordinary shareholders (pence)	5	(0.56)	(0.21)	(0.60)

Consolidated balance sheet

As at 31 October 2021

	31 October 2021 Unaudited £'000	31 October 2020 Unaudited £'000	30 April 2021 Audited £'000
ASSETS			
Non-current assets			
Intangible assets	512	1,491	994
Property, plant and equipment	52	17	55
Right-of-use assets	368	99	73
	932	1,607	1,122
Current assets			
Trade and other receivables	1,817	2,548	2,354
Corporation tax receivable	429	332	309
Cash and cash equivalents	4,834	7,227	6,681
	7,080	10,107	9,344
Total assets	8,012	11,714	10,466
LIABILITIES			
Current liabilities			
Trade and other payables	(4,281)	(4,331)	(4,489)
Financial liabilities – borrowings	(726)	(388)	(890)
	(5,007)	(4,719)	(5,379)
Non-current liabilities			
Trade and other payables	(173)	(414)	(386)
Deferred tax	(36)	(109)	(73)
Financial liabilities – borrowings	-	(666)	-
	(209)	(1,189)	(459)
Total liabilities	(5,216)	(5,908)	(5,838)
Net assets/(liabilities)	2,796	5,806	(4,628)
Equity			
Called up share capital	1,699	1,699	1,699
Share premium	18,923	18,923	18,923
Share-based payment reserve	580	590	657
Accumulated loss	(23,416)	(20,419)	(21,662)
Translation reserve	(123)	(120)	(122)
Merger reserve	5,133	5,133	5,133
Total equity	2,796	5,806	4,628

Consolidated cash flow statement

For the six months ended 31 October 2021

	Six months ended 31 October 2021 Unaudited £'000	Six months ended 31 October 2020 Unaudited £'000	Year ended 30 April 2021 Audited £'000
Cash flows from operating activities			
Loss before income tax	(2,050)	(883)	(2,458)
Adjustments for:			
– depreciation, amortisation	566	569	1,106
– share-based payments	61	120	204
– finance income	(3)	(17)	(34)
– finance costs	50	67	124
	(1,376)	(144)	(1,058)
Increase/(decrease) in receivables	537	(509)	(317)
Increase/(decrease) in payables	(776)	431	601
Cash used from operations	(1,615)	(222)	(774)
Finance income	3	17	34
Finance costs	(50)	(67)	(124)
Corporation tax received	-	-	301
Net cash used in operating activities	(1,662)	(272)	(563)
Cash flows from investing activities			
Purchase of property, plant and equipment	(21)	(13)	(66)
Net cash used in investing activities	(21)	(13)	(66)
Cash flows from financing activities			
Proceeds from share capital issued (net)	-	7,352	7,352
Costs of share issue	-	(472)	(472)
Repayment of bank and other borrowings	(164)	(162)	(364)
Net cash from/(used in) financing activities	(164)	6,718	6,516
Net increase/(decrease) in cash and cash equivalents	(1,847)	6,433	5,887
Cash and cash equivalents at beginning of period	6,681	794	794
Cash and cash equivalents at end of period	4,834	7,227	6,681

Notes to the unaudited interim statements

For the six months ended 31 October 2021

1. Basis of preparation

This interim report has been prepared in accordance with the accounting policies disclosed in the full statutory accounts for the year ended 30 April 2021.

These policies are in accordance with UK-adopted international accounting standards that are expected to be applicable for the year ending 30 April 2022.

The Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim consolidated financial information.

The financial information in this statement relating to the six months ended 31 October 2021 and the six months ended 31 October 2020 has not been audited.

The financial information for the year ended 30 April 2021 does not constitute the full statutory accounts for that period. The annual report and financial statements for the year ended 30 April 2021 has been filed with the Registrar of Companies.

The Independent Auditor's Report on the annual report and financial statements for the year ended 30 April 2021 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

The interim report for the period ended 31 October 2021 was approved by the Board of Directors on 28 January 2021.

2. Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Executive Directors that are used to assess both performance and strategic decisions. Management has identified that the Executive Directors are the Chief Operating Decision-Maker in accordance with the requirements of IFRS 8 Operating segments.

The determination is that the Group operates as a single segment, as no internal reporting is produced either by geography or division. The Group does view performance on the basis of the type of revenue, and the end destination of the client as shown below.

<u>Analysis of Revenue by Product</u>	Six months ended 31 October 2021 Unaudited £'000	Six months ended 31 October 2020 Unaudited £'000	Year ended 30 April 2021 Audited £'000
Annual licence fees	2,675	2,947	5,962
Professional services	419	626	1,455
Total revenue	3,094	3,573	7,417

<u>Analysis of Revenue by Country</u>	Six months ended 31 October 2021 Unaudited £'000	Six months ended 31 October 2020 Unaudited £'000	Year ended 30 April 2021 Audited £'000
United Kingdom	1,989	2,127	4,579
Europe	461	770	1,457
North America	644	676	1,381
Total revenue	3,094	3,573	7,417

Included in Europe is the Netherlands which had revenues of £181,000 in the period ended 30 October 2021 (2020: £475,000).
Included in North America is the USA which had revenues of £559,000 in the period ended 30 October 2021 (2020: £532,000).

Analysis of Future Obligations

	Six months ended 31 October 2021	Six months ended 31 October 2020	Year ended 30 April 2021
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	Unaudited £'000	Unaudited £'000	Audited £'000
Performance obligations to be satisfied in the next year	3,217	2,601	3,865
Performance obligations to be satisfied after 31 October 2022	1,753	3,305	1,951
Total future performance obligations	4,970	5,906	5,816

	Six months ended 31 October 2021 Unaudited £'000	Six months ended 31 October 2020 Unaudited £'000	Year ended 30 April 2021 Audited £'000
Analysis of Largest Customer			
Annual Licence fees	258	215	360
Professional Services	0	0	95
Total revenue of largest customer	258	215	455

There were no significant customers who make up greater than 10% of total revenue in the period.

3. Operating EBITDA

Operating EBITDA is calculated from Operating loss as shown below.

	Six months ended 31 October 2021 Unaudited £'000	Six months ended 31 October 2020 Unaudited £'000	Year ended 30 April 2021 Audited £'000
Operating loss	(2,003)	(833)	(2,368)
Depreciation and amortisation	566	567	1,106
Share-based payments	61	120	204
Operating EBITDA	(1,376)	(146)	(1,058)

4. Other operating income

Other operating income is amounts received in the form of furlough payments and similar non-repayable grants from government bodies as a result of the coronavirus pandemic.

5. Earnings per share

Basic earnings per share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion into ordinary shares of all potentially dilutive instruments. In the periods ended 31 October 2021, 31 October 2020 and 30 April 2021 there were share options in issue which could potentially have a dilutive impact, but as the Group was loss making they were anti-dilutive for each period and therefore the weighted average number of ordinary shares for the purpose of the basic and dilutive loss per share were the same.

	Six months ended 31 October 2021 Unaudited	Six months ended 31 October 2020 Unaudited	Year ended 30 April 2021 Audited
Loss for the period attributable to the owners of the parent	£1,894,000	£712,000	£1,972,000
Weighted average number of ordinary shares	339,842,521	339,066,662	328,655,751
	Pence	Pence	Pence
Basic and diluted loss per share: ordinary shareholders	(0.56)	(0.21)	(0.60)

6. Dividends

No interim dividend (2020: nil) will be paid to shareholders.

7. Principal risks and uncertainties

The principal risks and uncertainties for this six-month period remain broadly consistent with those set out in the Financial Review section of the financial statements of the Group for the year ended 30 April 2021.

8. Interim report

Copies of the interim report are available to the public on the Group's website at www.rosslyndatatech.com, and from the registered offices of Rosslyn Data Technologies plc at 1000 Lakeside North Harbour, Western Road, Portsmouth, Hampshire, England, PO6 3EN or by email to investors@rosslyndatatech.com