25 January 2024

Rosslyn Data Technologies plc
("Rosslyn", the "Group" or the "Company")

Interim Results

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 2023.

Financial summary*

- Revenue was £1.4m (H1 2023: £1.4m)
- Gross margin was 35.5% (H1 2023: 29.3%)
- Administrative expenses maintained at £2.2m (H1 2023: £2.2m)
- Adj. EBITDA** loss was £1.7m (H1 2023: £1.6m loss)
- Adj. net loss*** reduced to £1.5m (H1 2023: £1.6m loss)
- Cash burn rate was £276k per month (H1 2023: £217k per month)
- Cash and cash equivalents of £2.2m as at 31 October 2023 (30 April 2023: £676k), following the Company raising gross proceeds of £3.3m through the issue of new ordinary shares and convertible loan notes

* The H1 2023 comparatives are for continued operations only (see note 7)
**Adjustments made for exceptional items and share-based payments
*** Adjustments made for depreciation & amortisation, share-based payments and exceptional items. H1 2023 result also includes adjustment for profit on sale of discontinued operation

Operational summary

- Performance against operational key performance indicators ("KPIs"):
    - Annual recurring revenue ("ARR") growth of 1% (H1 2023: 11%), with ARR of £2.5m (H1 2023: £2.5m)
    - Net revenue retention ("NRR") rate was 96% (H1 2023: 97%)
    - Total pipeline as at 31 October 2023 was £3.9m (30 April 2023: £3.6m) and weighted pipeline was £807k (30 April 2023: £1.1m)
    - Customer acquisition cost ("CAC") payback was 80 months (H1 2023: 69 months)
- New contracts won with blue-chip European med-tech company and international transport consultancy
- Significant progress on development of next generation artificial intelligence ("AI") module

Outlook

Since completing the fundraising toward the ends of the first half, there has been a strong increase in customer and partner engagement as the Group seeks to build on the solid foundations now established. The Group is in discussions regarding a number of opportunities with significant new partners, which offer near-term conversion and revenue-generation potential. With the opportunities with these significant partners coming to fruition, together with the continued expansion the Group is experiencing with existing customers, the Board continues to expect to report results for full year 2024 in line with management expectations.

The increase in revenue is expected to be driven by professional services, which is non-recurring revenue, as the Group onboards new customers, which will translate to licence fee revenue thereafter. For full year 2024, the Group anticipates reporting ARR growth of approximately 15%.

Looking further ahead, with the continued expansion in the Group's total pipeline and the encouraging feedback that it is receiving from existing and potential customers, the Board remains confident of delivering significant ARR growth and looks forward to updating the market on Rosslyn's progress.

Paul Watts, CEO of Rosslyn, said: "*Following a year of major transformation and restructuring, and having undergone a fundraising during the period, we have now established the foundations for us to accelerate growth. We are currently in discussions with substantial partners regarding some significant opportunities, which reflect the recognised strength of our offer and are testament to our renewed go-to-market approach. We are also very excited by the innovative work that we are doing with generative AI – which is being undertaken alongside our customers to ensure our product is designed to meet their exact requirements. As a result, we continue to look to the future with confidence and look forward to updating the market on our progress.*"

Enquiries

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Investor Webinar

Paul Watts, CEO, and Ed Riddell, CFO, will be holding a webinar for investors on Tuesday 20 February 2024 at 2.00pm GMT. To register to participate, and to submit any questions in advance, please use the following link: https://forms.gle/z3qZsJkUVzDf44469. Participants are requested to submit questions by 5.00pm GMT on 19 February 2024.

About Rosslyn

Rosslyn (AIM: RDT) provides an award-winning spend analytics and predictive analytics platform. The Rosslyn Platform helps organizations with diverse supply chains mitigate risk and make informed strategic decisions. It leverages automated workflows, artificial intelligence and machine learning to extract and consolidate procurement data providing visibility of complex supplier data, enabling supplier spend savings and delivering rapid ROI. For more information visit www.rosslyn.ai

Operational Review

During the six months to 31 October 2023, the Company focused on embedding the operational changes that had been implemented and initiated in the prior year as it underwent a significant restructuring as well as seeking to rebuild its business following a period of customer churn. This included making strong progress in advancing its partner-led go-to-market approach. Alongside this, management carefully managed costs while undertaking a fundraising process, which was completed towards the end of the period, to provide the capital to execute its strategy.

The Company secured two new contracts during the first half of the year worth £422k in aggregate over a multi-year period and equating to an additional £120k in ARR. The contracts are with a blue-chip European med-tech company, which sells its products via its 9,000+ shops and outlets in over 20 countries, and an international consultancy that provides services and solutions to the transport industry and is utilising the Rosslyn platform on behalf of a UK train operating company.

In addition, and as described below, during the period and subsequently, the Company has made significant progress in the development of its next generation generative AI module.

Innovation opportunity

Rosslyn continued the development work that it commenced in the prior year to embed generative AI into the platform. Rosslyn is utilising AI to generate the categorisations and classifications of extracted data, which must be done before it can be analysed, thereby automating the process. This significantly increases accuracy, shortens the time to insight and expands the volume of data that can be incorporated. In particular, the shortening of time to insight is crucial in meeting the increasing demand from procurement teams for real-time insight.

During the period, the Company completed a proof of concept of this technology with four of its largest customers from different industries and who procure internationally, with the results exceeding management's expectations. The Company commenced further development and refinement of the technology and expects the module to go live with the first customer within the current financial year. While this opportunity will likely endure longer sales cycles, Rosslyn is well placed to establish a leadership position in this new market thanks to the depth of its technology stack, which has been built on an automation-first basis; its vast experience from operating in the industry for over 15 years; and from being custodians of a large volume of complex supply chain data.

Partner-led go-to-market approach

The Company continued to make progress in its renewed go-to-market approach centred on a partner model. In particular, the Company secured an extension of its strategic partnership with Chain IQ, a business process outsourcing partner. The partnership has generated an increasing amount of revenue for Rosslyn since being established in 2021. The Company also significantly enhanced its relationship with a global consulting partner and expects to sign its first customer via this partner in the near term.

Financial Review

Revenue

Revenue for the period was £1.4m (H1 2023: £1.4m) and ARR was £2.5m, representing ARR growth of 1%. The NRR rate was 96% (H1 2023: 97%). These results are in line with management's expectations, reflecting the Company being in the early stages of rebuilding its business following a period of significant restructuring.

Revenue comprises the annual licence fee – software revenue – that customers are charged for having access to the Rosslyn platform and professional services fees for work undertaken to tailor the Company's solution to align with customers' infrastructure or meet specific additional solution requirements. Software revenue continued to be the main contributor to total revenue, accounting for 81% in H1 2024. However, this was lower than the in the first half of the previous year of 84%, reflecting a slight increase in professional services revenue to £0.3m (H1 2023: £0.2m) and software revenue remaining flat at £1.1m (H1 2023: £1.1m). The growth in professional services revenue reflects the Company increasing its pricing to appropriate market levels for such services as well as greater activity in this area.

Gross profit

Gross margin improved significantly to 35.5% (H1 2023: 29.3%), reflecting a reduction in cost of sales as a result of increased efficiencies with a leaner professional services team. As a result of the improved gross margin and stable revenue, gross profit increased to £0.5m compared with £0.4m for H1 2023.

Operating expenses

Operating costs were £2.5m for the period (H1 2023: £2.2m). This primarily reflects the Company generating a £0.2m profit in the first half of the prior year from the sale of a discontinued operation, and which offset administrative expenses being maintained at £2.2m (H1 2023: £2.2m).

Profitability measures

As a result of the increased expenses, operating loss was £2.0m (H1 2023: £1.8m loss) and adjusted EBITDA loss was £1.7m (H1 2023: £1.6m loss).

The loss before tax for the period was £2.0m (H1 2023: £1.8m loss). The Company received £120k (H1 2023: £120k) in tax credits for the period. As a result, net loss for H1 2024 was £1.9m (H1 2023: £1.7m loss). On an adjusted basis, to exclude depreciation & amortisation, share-based payments, exceptional administrative expenses of £0.2m (H1 2023: £0.2m) and profit on the sale of a discontinued operation in the comparative period, net loss was reduced to £1.5m (H1 2023: £1.6m).

Cash flow and liquidity

Net cash used in operating activities was £1.2m (H1 2023: £1.6m), with the reduction primarily reflecting the receipt of £612k in R&D tax credits. The Group generated net cash from investing activities and financing activities of £2.6m, compared with using net cash of £49k in H1 2023. This primarily reflects the raising of gross proceeds of £3.3m via the issue of new ordinary shares (£2.7m) and convertible loan notes (£0.6m). As a result, there was a net increase in cash and cash equivalents of £1.4m compared with a net decrease of £1.7m for H1 2023.

Monthly cash burn in the period was £276k (H1 2023: £217k). This primarily reflects investment the Group has made to grow the business, namely strengthening the sales and technology teams. As a result of this investment, CAC was also higher at 80 months (H1 2023: 69 months) with the onboarding of the new sales team. Both cash burn and CAC are expected to reduce as the Group converts some of its pipeline in the coming months.

As at 31 October 2023, the Company had cash and cash equivalents of £2.2m (30 April 2023: £767k; 31 October 2022: £763k).

Balance sheet

As at 31 October 2023, the Company had net assets and total equity of £2.4m compared with £1.9m at 30 April 2023. The main movements in the balance sheet during the period were:

- the increase in cash and cash equivalents, as described above;

- a reduction in corporation tax receivable to £0.4m (30 April 2023: £0.9m) following the receipt of a £612k R&D tax credit;
- current trade and other payables increasing to £2.2m (30 April 2023: £2.0m);
- non-current liabilities increasing to £0.7m (30 April 2023: £0.1m) reflecting the convertible loan notes described above and non-current trade and other payables of £nil in the period; resulting in
- an increase in total assets to £5.4m (30 April 2023: £4.1m) and total liabilities to £3.0m (30 April 2023: £2.2m).

Outlook

Since completing the fundraising toward the ends of the first half, there has been a strong increase in customer and partner engagement as the Group seeks to build on the solid foundations now established. The Group is in discussions regarding a number of opportunities with significant new partners, which offer near-term conversion and revenue-generation potential. With the opportunities with these significant partners coming to fruition, together with the continued expansion it is experiencing with existing customers, the Board continues to expect to report results for full year 2024 in line with management expectations, including strong year-on-year revenue growth.

The increase in revenue is expected to be driven by professional services, which is non-recurring revenue, as the Group onboards new customers, which will translate to licence fee revenue thereafter. For full year 2024, the Group anticipates reporting ARR growth of approximately 15%.

Looking further ahead, with the continued expansion in the Group's total pipeline and the encouraging feedback that it is receiving from existing and potential customers, the Board remains confident of delivering significant ARR growth and looks forward to updating the market on Rosslyn's progress.

Consolidated statement of comprehensive income

For the six months ended 31 October 2023

	Notes	**Six months ended 31 October 2023 Unaudited £'000**	Six months ended 31 October 2022 Unaudited £'000	Year ended 30 April 2023 Audited £'000
Revenue	3	**1,402**	1,361	3,012
Cost of sales		**(904)**	(962)	(1,968)
Gross profit		**498**	399	1,044
Administrative expenses		**(2,248)**	(2,169)	(3,352)
Depreciation and amortisation		**(208)**	(158)	(366)
Profit on sale of discontinued operations		**-**	166	-
Share-based payment		**(67)**	(39)	(89)
Operating loss		**(2,025)**	(1,801)	(2,763)
Finance income		**2**	2	3
Finance costs		**(11)**	-	-
Loss before income tax		**(2,034)**	(1,799)	(2,760)
Income tax credit		**120**	120	664
Loss for the period		**(1,914)**	(1,679)	(2,096)
Profit for the period from discontinued operations		**-**	334	2,468
(Loss)/profit for the period		**(1,914)**	(1,345)	372
Other comprehensive income - translation differences		**21**	-	28
Total comprehensive (loss)/income		**(1,893)**	(1,345)	400

Profit/(loss) per share				
Basic and diluted loss per share: ordinary shareholders - continued	4	**(0.27)**	(0.50)	(30.6)
Basic profit/(loss) per share: ordinary shareholders (pence) - Total		**(0.27)**	(0.40)	5.9
Diluted profit/(loss) per share: ordinary shareholders (pence) - Total		**(0.27)**	(0.40)	5.7

Consolidated balance sheet
As at 31 October 2023

	31 October 2023 Unaudited £'000	31 October 2022 Unaudited £'000	30 April 2023 Audited £'000
ASSETS			
Non-current assets			
Intangible assets	**1,436**	1,155	1,372
Property, plant and equipment	**19**	4	-
Right-of-use assets	**136**	211	162
	1,591	1,370	1,534
Current assets			
Trade and other receivables	**1,213**	1,244	969
Corporation tax receivable	**360**	281	852
Cash and cash equivalents	**2,197**	763	767
	3,770	2,288	2,588
Total assets	**5,361**	3,658	4,122
Disposal Group assets	**-**	269	-
Total assets	**5,361**	3,927	4,122
LIABILITIES			
Current liabilities			
Trade and other payables	**(2,210)**	(2,874)	(2,001)
Financial liabilities – borrowings	**(43)**	-	(96)
	(2,253)	(2,874)	(2,097)
Non-current liabilities			
Trade and other payables	**(113)**	-	(114)
Convertible loan	**(600)**	-	-
	(713)	-	(114)
Disposal Group liabilities	**-**	(938)	-
Total liabilities	**(2,966)**	(3,812)	(2,211)
Net assets	**2,395**	115	1,911
Equity			
Called up share capital	**4,415**	1,699	1,699
Share premium	**18,923**	18,923	18,923
Share-based payment reserve	**322**	293	320
Accumulated loss	**(25,941)**	(25,830)	(24,089)
Translation reserve	**(75)**	(103)	(75)
Share premium fundraise costs	**(382)**	-	-
Merger reserve	**5,133**	5,133	5,133
Total equity	**2,395**	115	1,911

Consolidated cash flow statement

For the six months ended 31 October 2023

	Six months ended 31 October 2023 Unaudited £'000	Six months ended 31 October 2022 Unaudited £'000	Year ended 30 April 2023 Audited £'000
Cash flows from operating activities			
Loss before income tax	**(2,034)**	(1,465)	(292)
Adjustments for:			
– depreciation, amortisation	**208**	158	366
– share-based payments	**67**	39	89
– profit on sale of assets	**-**	(166)	-
– Disposal of leases	**-**	-	(5)
– Finance income	**(2)**	(2)	(3)
– Finance costs	**11**	-	-
– Gain on disposal of operations	**-**	-	(2,468)
	(1,750)	(1,436)	(2,313)
Increase in receivables	**(244)**	(434)	(149)
Increase/(decrease) in payables	**211**	247	(206)
Cash used in operations	**(1,783)**	(1,623)	(2,668)
Finance income	**2**	2	3
Finance costs	**(11)**	-	-
Corporation tax received/(paid)	**612**	-	(27)
Net cash used in operating activities	**(1,180)**	(1,621)	(2,692)
Cash flows (used in)/from investing activities			
Purchase of property, plant and equipment	**(19)**	(6)	(6)
Sale of assets	**-**	100	-
Acquisition of software	**(245)**	(143)	(535)
Cash received on disposal of operation	**-**	-	1,512
Net cash (used in)/from investing activities	**(264)**	(49)	971
Cash flows from/(used in) financing activities			
Proceeds from share capital issued (net)	**2,715**	-	-
Costs of share and loan issue	**(382)**	-	-
New loans in period	**600**	-	160
Repayment of bank and other borrowings	**(53)**	-	(64)
Repayment of capital element of obligation under leases	**(27)**	-	(69)
Net cash generated from financing activities	**2,853**	-	27
Net increase/(decrease) in cash and cash equivalents	**1,409**	(1,670)	(1,694)
Cash and cash equivalents at beginning of period	**767**	2,433	2,433
Foreign exchange (loss)/gains	**21**	-	28
Cash and cash equivalents at end of period	**2,197**	763	767

Notes to the unaudited interim statements

For the six months ended 31 October 2023

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 2023.

These policies are in accordance with UK-adopted international accounting standards that are expected to be applicable for the year ending 30 April 2024.

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 2023 and the six months ended 31 October 2022 has not been audited.

The financial information for the year ended 30 April 2023 does not constitute the full statutory accounts for that period. The annual report and financial statements for the year ended 30 April 2023 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 2023 was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The audit report drew attention by way of emphasis to a material uncertainty relating to going concern and included an emphasis of matter paragraph in relation to the valuation of intangible assets and the uncertainties associated with the successful commercialisation, value and timing of product sales.

The interim report for the period ended 31 October 2023 was approved by the Board of Directors on 25 January 2024.

2. Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Executive Director that are used to assess both performance and strategic decisions. Management has identified that the Executive Director is 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.

Analysis of Revenue by Product	**Six months ended 31 October 2023 Unaudited £’000**	Six months ended 31 October 2022 Unaudited £’000	Year ended 30 April 2023 Audited £’000
Annual licence fees	**1,139**	1,137	2,406
Professional services	**263**	224	606
Total revenue	**1,402**	1,361	3,012

Analysis of Revenue by Country	**Six months ended 31 October 2023 Unaudited £’000**	Six months ended 31 October 2022 Unaudited £’000	Year ended 30 April 2023 Audited £’000
United Kingdom	**679**	703	1,528
Europe	**356**	204	520
North America	**367**	454	964
Total revenue	**1,402**	1,361	3,012

Analysis of Future Obligations	**Six months ended 31 October 2023 Unaudited £'000**	Six months ended 31 October 2022 Unaudited £'000	Year ended 30 April 2023 Audited £'000
Performance obligations to be satisfied in the next year	**2,892**	2,140	1,725
Performance obligations to be satisfied after 31 October 2024	**2,984**	2,506	125
Total future performance obligations	**5,876**	4,646	1,850

Analysis of Largest Customer	**Six months ended 31 October 2023 Unaudited £'000**	Six months ended 31 October 2022 Unaudited £'000	Year ended 30 April 2023 Audited £'000
Annual licence fees	**97**	91	178
Professional services	**43**	86	167
Total revenue of largest customer	**140**	177	345

3. Operating EBITDA

Operating EBITDA is calculated from operating loss as shown below.

	Six months ended 31 October 2023 Unaudited £'000	Six months ended 31 October 2022 Unaudited £'000	Year ended 30 April 2023 Audited £'000
Operating loss	**(2,025)**	(1,801)	(2,763)
Depreciation and amortisation	**208**	158	366
Share-based payments	**67**	39	89
Profit on sale of discontinued operations	**-**	(166)	-
Exceptional costs	**244**	170	260
Operating EBITDA	**(1,506)**	(1,600)	**(2,048)**

4. 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 2023, 31 October 2022 and 30 April 2023 there were share options in issue which could potentially have a dilutive impact, but as the Group was lossmaking, 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 2023 Unaudited	Six months ended 31 October 2022 Unaudited	Year ended 30 April 2023 Audited
Profit/(loss) for the period attributable to the owners of the parent	**(£1,893,000)**	(£1,345,000)	£400,000

	Six months ended 31 October 2023 Unaudited	Six months ended 31 October 2022 Unaudited	Year ended 30 April 2023 Audited
Weighted average number of ordinary shares	**7,037,679**	6,797,250	7,037,679

	Pence	Pence	Pence
Basic and diluted loss per share: ordinary shareholders - continued	**(0.27)**	(0.50)	(30.6)
Basic and diluted profit per share: ordinary shareholders - discontinued	**-**	0.1	36.5
Basic profit/(loss) per share: ordinary shareholders	**(0.27)**	(0.40)	5.9
Diluted profit/(loss) per share: ordinary shareholders	**(0.27)**	(0.40)	5.7

5. Dividends

No interim dividend (H1 2023: nil) will be paid to shareholders.

6. Principal risks and uncertainties

The principal risks and uncertainties for this six-month period remain broadly consistent with those set out in the Strategic Report section of the financial statements of the Group for the year ended 30 April 2023.

7. Discontinued operations

The sale of the Langdon business was completed in the first half of the 2023 financial year, with the sale of the Integritie business completed in the second half of 2023, and as such these are reported as discontinued operations for the comparative periods.

	Notes	**Six months ended 31 October 2023 Unaudited £'000**	Six months ended 31 October 2022 Unaudited £'000	Year ended 30 April 2023 Audited £'000
Revenue		**-**	1,510	1,510
Cost of sales		**-**	(538)	(539)
Gross profit		**-**	972	971
Administrative expenses		**-**	(638)	(830)
Depreciation and amortisation		**-**	-	-
Operating profit		**-**	334	141
Profit on disposal of operations			-	2,309
Finance income		**-**	-	-
Finance costs		**-**	-	(9)
Profit before tax		**-**	334	2,441
Income tax credit		**-**	-	27
Total comprehensive income for discontinued operations		**-**	334	2,468

	31 October 2023 Unaudited £'000	30 April 2023 Audited £'000
ASSETS		
Non-current assets		
Intangible assets	**-**	62
Property, plant and equipment	**-**	17
Right-of-use assets	**-**	60
	-	139
Current assets		
Trade and other receivables	**-**	511
Disposals of Group assets	**-**	650
LIABILITIES		
Current liabilities		
Trade and other payables	**-**	(195)
	-	(195)
Non-current liabilities		
Trade and other payables	**-**	(1,352)
Disposal of Group liabilities	**-**	(1,547)
Net liabilities directly associated with disposal	**-**	(897)

8. Interim report

Copies of the interim report are available to the public on the Group's website at https://www.rosslyn.ai/, and from the registered offices of Rosslyn Data Technologies plc at 6th Floor, 60 Gracechurch Street, London, EC3V 0HR or by email to investors@rosslyn.ai