30 January 2023

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 2022.

Financial summary*

- Revenue was £1.4m (H1 2022 restated: £1.5m)
- Gross margin improved to 29.3% (H1 2022 restated: 22.3%)
- Administrative expenses reduced to £2.2m (H1 2022 restated: £2.4m)
- Adj. EBITDA** loss reduced to £1.6m (H1 2022 restated: £2.1m loss)
- Adj. net loss*** reduced to £1.6m (H1 2022 restated: £1.9m loss)
- Cash burn rate reduced to £217k per month (H1 2022: £297k per month), and on track to reach £100k per month by May 2023
- Debt free with cash and cash equivalents of £763k as at 31 October 2022 (30 April 2022: £2.4m)
    - Cash and cash equivalents as at 31 December 2022 were £1m, following the receipt of the initial sale proceeds from Integritie

* Integritie and Langdon Systems are classified as discontinued operations for the purpose of the statutory accounts. See the Financial Review for detail on the restatement of the H1 2022 accounts, which reflects the discontinued operations, the adoption of a revised policy on development costs and a change in cost allocation
** Adjustments made for exceptional items and share-based payments
*** Adjustments made for depreciation & amortisation, share-based payments and profit on sale of discontinued operation

Operational and strategic highlights

- Launch of the new and improved Rosslyn Platform, with customer migration substantially complete by period-end
- Rebranding to reflect Rosslyn's strategic focus on a single product comprising a best-in-class SaaS solution
- Value-accretive divestment of Langdon Systems ("Langdon"), which generated profit of £160k, and, post period, agreed to sell Integritie for up to £3.0m in cash
- Won new long-term contracts for an international arm of a tier 1 Japanese bank, a multinational medtech corporation and, post period, a multinational aerospace engineering company, global automotive car rental company and engineering solutions provider for mission critical situations – most of which were secured through Rosslyn's partner network
- Delivery against operational KPIs (for continuing operations):
    - Annual recurring revenue ("ARR") growth of 11% (H1 2022: -1%; H2 2022: -10%), with ARR of £2.5m (H1 2022: £2.4m; H2 2022: £2.2m)
    - Net revenue retention ("NRR") rate increased to 97% (H1 2022: 94%; H2 2022: 86%)
    - Weighted pipeline as at 31 October 2022 was £823k (30 April 2022: £872k)
    - Customer acquisition cost ("CAC") payback was 69 months (H1 2022: 68 months; H2 2022: 299 months)
- Successful strategic execution and securing of long-term deals resulted in contracted order book increasing by 57% over the six-month period

Outlook

- Rosslyn entered H2 2023 with increasing revenue momentum, which has been maintained through the period to date resulting in expected revenue growth of 121% in H2 over H1 2023

- Tight cost control, combined with the increased revenue, is expected to reduce monthly cash burn to £100k by May 2023
- The current uplift in revenue and stable cost base is having a positive impact on gross margin
- As a result, the Group expects to achieve strong growth for the full year to 30 April 2023 and is on track to deliver trading in line with market expectations

Paul Watts, CEO of Rosslyn, said: "This has been a pivotal period for Rosslyn. We completed the final stages of our restructuring with the launch of our new Rosslyn platform, the rebranding of our business and disposal of non-core assets. We have been executing on our refocused go-to-market strategy while maintaining tight cost control and improving operational efficiency. While it is still relatively early days, we are pleased with our delivery against our KPIs, the results of which can be seen in this set of results. We are receiving growing demand for our best-in-class procurement analytics solution – both from new and existing customers as they increasingly discover the value that our platform offers. As a result, we are on track to deliver strong growth for the full year, in line with market expectations, and we look to the future with confidence."

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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 2022, the Group progressed the business transformation programme that it had commenced in the previous year, with several major initiatives coming to fruition. The Group launched the new Rosslyn platform, completed its rebrand and divested its non-core businesses – Langdon and, post period end, Integritie. The Group also advanced its renewed go-to-market strategy that is focussed on partnerships, with a number of notable results.

Delivery against operational KPIs (continuing operations)

While the Group is only in the early stages of executing its new strategy, Rosslyn delivered significant sequential improvement in its operational KPIs for continuing operations as well as some improvement on the comparative period of the prior year. New customer wins resulted in ARR growth of 11% to £2.5m as at 31 October 2022 compared with £2.2m at 30 April 2022. This also represents a return to growth in ARR compared with reductions of 1% in H1 2022 and of 10% in H2 2022. Having experienced a period of customer churn in FY 2022 as the Group underwent its restructuring, that trend is now reversing with net revenue retention of 97% for H1 2023 (H2 2022: 86%; H1 2022: 94%). CAC payback was significantly reduced from 299 months in the second half of 2022 to 69 months for H1 2023 (H1 2022: 68 months). Since period end, this metric has continued to improve, and the Group expects to report a further significant reduction by year end. Weighted pipeline as at 31 October 2022 was £821k compared with £872k at 30 April 2022, which includes the conversion of opportunities into sales, such as the award of a three-year contract by a blue-chip provider of sub-systems and systems for mission critical situations in the defence, security, critical detection & control markets, as also announced today. The total unweighted pipeline expanded over the six-month period and has continued to do so since period end.

Strategic execution

Rosslyn delivered, and advanced, a number of core strategic initiatives during the period.

Launch of new platform

A key development of the first half of 2023 was the launch of the new, upgraded Rosslyn platform. By period-end, the migration of clients to the new platform was substantially complete.

The new Rosslyn platform is designed to deliver a simplified, more intuitive interface and streamlined navigation, making it easier for users to quickly gather the insight they need. The collaboration functions have been improved to facilitate the sharing of dashboards and reports with key stakeholders across a business. There is also a closer integration between data and visualisation, including features such as enabling specialist teams within customer organisations to have their own tailored view of procurement data.

Rosslyn has received strong customer, partner and industry analyst endorsement of the new platform. The Group’s data suggests that users are spending more time on the platform and that customers are growing the number of internal users.

Rosslyn re-brand

Another major initiative during the period was the completion of Rosslyn’s rebrand. The project aimed to refresh Rosslyn's appearance, making it more engaging for today's market and aligning it with the new direction of the business. In particular, the Group is now branded simply as 'Rosslyn' to reflect the strategic focus on a core SaaS platform.

The rebrand has brought great results both in terms of interaction with the Rosslyn brand, as measured by metrics such as web traffic, and in terms of the generation of new opportunities.

Partner go-to-market approach

Last year, the Group launched a renewed go-to-market approach centred on a partner model, and it furthered the implementation of this strategy during the first half of 2023. Rosslyn believes that this renewed commercial approach will enhance the Group's competitive position by being able to leverage the established relationships of its partners with end customers. The Group is focussed on both increasing its business with existing partners as well as establishing new partnerships.

The new model has already generated promising results, including a contract for the international arm of a tier 1 Japanese bank through the Group's partnership with Chain IQ, which represents the first full enterprise customer created via this relationship. Rosslyn's pipeline currently includes a number of deals at the proof-of-concept stage with ChainIQ customers, signifying a healthy pipeline of commercial opportunities for the near term.

During the period, the Group also won a three-year contract for £500k with a multinational medtech corporation with an option to extend for two years, via a new partnership. Post-period, two deals were secured via existing partnerships, worth approximately £1m in aggregate over five years, with a multinational aerospace company and a global automotive rental company.

Divestments

As part of the strategic move to focus on its core product offering, the Company decided to divest all non-core businesses – namely, Integritie, which is a content management platform, and Langdon, which specialises in bulk handling of supply chain data associated with import and export duty management systems. These divestments allow Rosslyn greater strategic and operational focus on the Rosslyn platform along with reducing cash burn. Langdon was sold in October 2022 for £100k and, post period, Integritie was sold for a total maximum consideration of £3.0m, comprising an initial cash consideration of £1.6m and a £1.4m conditional deferred payment based on achieving certain revenue and growth targets. Proceeds from these divestments are being used to accelerate the execution of the Group's growth strategy.

Financial Review

The Group's results are in line with management's expectations and reflect the initial successes of management's focus on controlling costs and improving gross margin while seeking to drive revenue growth.

Discontinued operations

Integritie and Langdon have been classed as discontinued operations for the period and historical comparisons restated on that basis. These financial statements comprise the results for continuing operations only. See note 7 to the financial statements for detail on the discontinued operations.

Change of accounting policy and costs allocation

As previously mentioned, the Group updated its accounting policy on development costs under accounting standard IAS38 - Intangible Assets, which means that, as of the Company's full year 2022 results, such costs are capitalised as opposed to expensed. In addition, cost of sales had previously only included platform & hosting, but, as of the Company's full year 2022 results, have been expanded to incorporate other elements that had been classified as administrative expenses, such as support, customer success management and professional services (which includes work undertaken to tailor the Group's solution to the customers' infrastructure or requirements). For further detail, see the Company's Annual Report 2022.

Profit and loss account

Revenue was £1.4m compared with £1.5m for the first half of 2022, which reflects the churn of customers experienced in the second half of the prior year as the Group underwent the final stages of its restructuring. Gross margin improved significantly to 29.3% (H1 2022 restated: 22.3%) reflecting reduced cost of sales as a result of increased efficiencies with a leaner team. Consequently, gross profit increased to £399k compared with £336k for the first half of 2022 and £453k for the full 12-month period of 2022.

Operating costs were reduced with administrative expenses of £2.2m (H1 2022 restated: £2.4m) and total operating expenses of £2.2m (H1 2022 restated: £2.5m). This includes the capitalisation of £0.2m development costs during the period (H1 2022 restated: £nil). The Group also received £0.2m during the period from the sale of Langdon. As a result, operating loss was reduced to £1.8m (H1 2022 restated: £2.2m loss) and adjusted EBITDA loss was reduced to £1.6m (H1 2022 restated: £2.1m loss).

The loss before income tax for the period was reduced to £1.8m (H1 2022 restated: £2.2m loss). Net loss was £1.7m (H1 2022 restated: £2.1m loss) and adjusted net loss, which excludes depreciation & amortisation, share-based payments and profit on sale of discontinued operation, was reduced to £1.6m (H1 2022 restated: £1.9m loss).

Cash flow and funds

Cash used in operating activities was £1.6m (H1 2022 restated: £1.7m), which primarily reflects lower depreciation & amortisation costs due to the disposal of Langdon and increases in receivables and payables compared with the first half of the previous year. However, the Group generated net cash from investing activities and financing activities of £0.1m from the sale of Langdon compared with using net cash of £0.2m in H1 2022. As a result, the net decrease in cash and cash equivalents was £1.7m compared with £1.8m for H1 2022.

Monthly cash burn in the period was £217k, a significant reduction compared with £297k for H1 2022 and £266k for H2 2022. This has continued to reduce since period end – primarily based on increased revenue – and the Group is on track to achieve a monthly cash burn rate of £100k by May 2023.

As at 31 October 2022, the Company had cash and cash equivalents of £763k (30 April 2022: £2.4m; 31 October 2021: £4.8m) and was debt free. As at 31 December 2022, cash and cash equivalents were £1m, which followed the Company receiving the initial consideration for the sale of Integritie.

Balance sheet

The major movements in the balance sheet during the period were:

- Trade and other receivables increasing to £1.2m (30 April 2022: £0.8m)
- The decrease in cash and cash equivalents, as described above
- Disposal Group assets (representing assets held sale) reducing to £0.3m (30 April 2022: £0.7m) following the sale of Langdon
- Current trade and other payables increasing to £2.9m (30 April 2022: £2.3m)
- A net asset position of £0.1m (30 April 2022: net assets of £1.4m) reflecting a reduction in total assets to £3.9m (30 April 2022: £5.4m) while total liabilities were £3.8m (30 April 2022: £4.0m), which included disposal Group liabilities of £0.9m (30 April 2022: £1.5m)

Outlook

Rosslyn entered the second half of the 2023 financial year with increasing revenue momentum, which has been maintained through the period to date resulting in expected revenue growth of 121% in H2 over H1 2023. This growth is being driven by new business won in the first and second half as well as an increase in recurring revenue reflecting the strength of the new Rosslyn platform and the introduction of a new customer success team. In addition, the Group has increased its pricing for its professional services provision to reflect appropriate market pricing for such services.

The Group is continuing to maintain its tight focus on cost control, enhance efficiency and reduce cash burn. The current uplift in revenue run rate over the first half, combined with the stable cost base along with the increased pricing for professional services, is having a positive impact on gross margin.

As a result, the Group expects to achieve strong growth for the full year to 30 April 2023 and is on track to deliver trading in line with market expectations, with a year-on-year increase in revenue for continuing operations of 14%.

Looking further ahead, there is growing interest in Rosslyn’s services from global blue-chip customers and via its partner network, which is resulting in an expanding pipeline. The Group is increasingly signing long-term contracts, with the contracted order book at 31 October 2022 being 57% higher than at the start of the period.

As a result of all these factors, the Board looks to the future with confidence.

Consolidated statement of comprehensive income

For the six months ended 31 October 2022

	Notes	**Six months ended 31 October 2022 Unaudited £'000**	Six months ended 31 October 2021 Unaudited £'000	Year ended 30 April 2022 Audited £'000
Revenue	3	**1,361**	1,506	2,731
Cost of sales		**(962)**	(1,170)	(2,278)
Gross profit		**399**	336	453
Other operating income	4		-	-
Administrative expenses		**(2,169)**	(2,357)	(4,287)
Depreciation and amortisation		**(158)**	(94)	(40)
Profit on sale of discontinued operations		**166**	-	-
Share-based payment		**(39)**	(61)	(137)
Operating loss		**(1,801)**	(2,176)	(4,011)
Finance income		**2**	3	5
Finance costs		**-**	(50)	(44)
Loss before income tax		**(1,799)**	(2,223)	(4,050)
Income tax credit		**120**	156	391
Loss for the period		**(1,679)**	(2,067)	(3,659)
Profit for the year from discontinued operations		**334**	173	297
Other comprehensive loss		**-**	-	19
Total comprehensive income		**(1,345)**	(1,894)	(3,343)

Loss per share				
Basic and diluted loss per share: ordinary shareholders (pence)	5	**0.40**	0.56	0.98

Consolidated balance sheet

As at 31 October 2022

	31 October 2022 Unaudited £'000	31 October 2021 Unaudited £'000	30 April 2022 Audited £'000
ASSETS			
Non-current assets			
Intangible assets	**1,155**	512	1,105
Property, plant and equipment	**4**	52	16
Right-of-use assets	**211**	368	236
	1,370	932	1,357
Current assets			
Trade and other receivables	**1,244**	1,817	820
Corporation tax receivable	**281**	429	161
Cash and cash equivalents	**763**	4,834	2,433
	2,288	7,080	3,414
Total assets	**3,658**	8,012	4,771
Disposal Group assets	**269**	-	650
Total Assets	**3,927**	8,012	5,421
LIABILITIES			
Current liabilities			
Trade and other payables	**(2,874)**	(4,281)	(2,284)
Financial liabilities – borrowings	**-**	(726)	-
	(2,874)	(5,007)	(2,284)
Non-current liabilities			
Trade and other payables	**-**	(173)	(168)
Deferred tax	**-**	(36)	-
	-	(209)	(168)
Disposal Group liabilities	**(938)**	-	(1,547)
Total liabilities	**(3,812)**	(5,216)	(3,999)
Net assets/(liabilities)	**115**	2,796	1,422
Equity			
Called up share capital	**1,699**	1,699	1,699
Share premium	**18,923**	18,923	18,923
Share-based payment reserve	**293**	580	255
Accumulated loss	**(25,830)**	(23,416)	(24,485)
Translation reserve	**(103)**	(123)	(103)
Merger reserve	**5,133**	5,133	5,133
Total equity	**115**	2,796	1,422

Consolidated cash flow statement

For the six months ended 31 October 2022

	Six months ended 31 October 2022 Unaudited £'000	Six months ended 31 October 2021 Unaudited £'000	Year ended 30 April 2022 Audited £'000
Cash flows from operating activities			
Loss before income tax	**(1,465)**	(2,050)	(3,343)
Adjustments for:			
– depreciation, amortisation	**158**	566	40
– share-based payments	**39**	61	137
– profit on sale of assets	**(166)**	-	-
– finance income	**(2)**	(3)	(5)
– finance costs	**-**	50	44
	(1,436)	(1,376)	(3,127)
(Increase)/decrease in receivables	**(434)**	537	875
Increase/(decrease) in payables	**247**	(776)	(401)
Cash used in operations	**(1,623)**	(1,615)	(2,653)
Finance income	**2**	3	5
Finance costs	**-**	(50)	(44)
Corporation tax received	**-**	-	467
Net cash used in operating activities	**(1,621)**	(1,662)	(2,225)
Cash flows from investing activities			
Purchase of property, plant and equipment	**(6)**	(21)	(28)
Sale of assets	**100**	-	-
Acquisition of software	**(143)**	-	(1,105)
Net cash from/(used in) investing activities	**(49)**	(21)	(1,133)
Cash flows from financing activities			
Proceeds from share capital issued (net)	**-**	-	-
Costs of share issue	**-**	-	-
Repayment of bank and other borrowings	**-**	(164)	(890)
Net cash used in financing activities	**-**	(164)	(890)
Net decrease in cash and cash equivalents	**(1,670)**	(1,847)	**(4,248)**
Cash and cash equivalents at beginning of period	**2,433**	6,681	**6,681**
Cash and cash equivalents at end of period	**763**	4,834	**2,433**

Notes to the unaudited interim statements

For the six months ended 31 October 2022

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 2022.

These policies are in accordance with UK-adopted international accounting standards that are expected to be applicable for the year ending 30 April 2023.

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 2022 and the six months ended 31 October 2021 has not been audited.

The financial information for the year ended 30 April 2022 does not constitute the full statutory accounts for that period. The annual report and financial statements for the year ended 30 April 2022 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 2022 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 2022 was approved by the Board of Directors on 27 January 2023.

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 2022 Unaudited £’000**	Six months ended 31 October 2021 Unaudited £’000	Year ended 30 April 2022 Audited £’000
Annual licence fees	**1,137**	1,283	2,414
Professional services	**224**	223	317
Total revenue	**1,361**	1,506	2,731

Analysis of Revenue by Country	**Six months ended 31 October 2022 Unaudited £’000**	Six months ended 31 October 2021 Unaudited £’000	Year ended 30 April 2022 Audited £’000
United Kingdom	**703**	897	1,643
Europe	**204**	206	414
North America	**454**	403	674
Total revenue	**1,361**	1,506	2,731

Analysis of Future Obligations	**Six months ended 31 October 2022 Unaudited £'000**	Six months ended 31 October 2021 Unaudited £'000	Year ended 30 April 2022 Audited £'000
Performance obligations to be satisfied in the next year	**2,140**	1,931	1,763
Performance obligations to be satisfied after 31 October 2023	**2,506**	1,524	1,244
Total future performance obligations	**4,646**	3,455	2,952

Analysis of Largest Customer	**Six months ended 31 October 2022 Unaudited £'000**	Six months ended 31 October 2021 Unaudited £'000	Year ended 30 April 2022 Audited £'000
Annual Licence fees	**91**	57	199
Professional Services	**86**	85	8
Total revenue of largest customer	**177**	142	207

3. Operating EBITDA

Operating EBITDA is calculated from Operating loss as shown below.

	Six months ended 31 October 2022 Unaudited £'000	Six months ended 31 October 2021 Unaudited £'000	Year ended 30 April 2022 Audited £'000
Operating loss	**(1,801)**	(2,223)	(4,011)
Depreciation and amortisation	**158**	94	131
Share-based payments	**39**	61	137
Profit on sale of discontinued operations	**(166)**	-	-
Exceptional costs	**170**	-	179
Operating EBITDA	**(1,600)**	(2,068)	**(3,564)**

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 2022, 31 October 2021 and 30 April 2022 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 2022 Unaudited	Six months ended 31 October 2021 Unaudited	Year ended 30 April 2022 Audited
Loss for the period attributable to the owners of the parent	**£1,345,000**	£1,894,000	£3,367,000
Weighted average number of ordinary shares	**339,862,521**	339,066,662	339,862,521
	Pence	Pence	Pence
Basic and diluted loss per share: ordinary shareholders	**0.40**	0.56	0.98

5. Dividends

No interim dividend (H1 2022: 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 Financial Review section of the financial statements of the Group for the year ended 30 April 2022.

7. Discontinued operations

As at 31 October 2022, the sale of the Langdon business had been completed, with the sale of the Integritie business to be completed post period on 1 November 2022 and as such these are reported as discontinued operations.

	Notes	**Six months ended 31 October 2022 Unaudited £'000**	Six months ended 31 October 2021 Unaudited £'000	Year ended 30 April 2022 Audited £'000
Revenue		**1,510**	1,588	3,140
Cost of sales		**(538)**	(490)	(958)
Gross profit		**972**	1,098	2,184
Administrative expenses		**(638)**	(453)	(943)
Depreciation and amortisation		**-**	**(472)**	(942)
Operating profit		**334**	173	297
Finance income		**-**	**-**	-
Finance costs		**-**	-	-
Profit before tax		**334**	173	297
Income tax credit		**-**	-	-
Total comprehensive income for discontinued operations		**334**	173	297

	31 October 2022 Unaudited £'000	30 April 2022 Audited £'000
ASSETS		
Non-current assets		
Intangible assets	**-**	62
Property, plant and equipment	**3**	17
Right-of-use assets	**-**	60
	3	139
Current assets		
Trade and other receivables	**266**	511
Disposals of Group assets	**269**	650
LIABILITIES		
Current liabilities		
Trade and other payables	**(822)**	(1,352)
	(822)	(1,352)
Non-current liabilities		
Trade and other payables	**(116)**	(195)
Disposal of Group liabilities	**(938)**	(1,547)
Net liabilities directly associated with disposal	**(669)**	(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 1000 Lakeside North Harbour, Western Road, Portsmouth, Hampshire, England, PO6 3EN or by email to investors@rosslyn.ai