

21 August 2024

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

Trading Update

Better-than-expected EBITDA loss for FY 2024
New AI-powered solution now live with four customers
Significant increase on contract renewal with one of Rosslyn's largest customers
New contract worth a minimum of £2m with leading global technology company

Rosslyn (AIM: RDT), the provider of a leading cloud-based enterprise spend intelligence platform, provides the following update on trading for the year ended 30 April 2024 ("FY 2024") and updates on progression with the Company's artificial intelligence ("AI") solution.

Update on trading for FY 2024

The Board of Rosslyn is pleased to confirm that it expects to report revenue for FY 2024 in line with management's expectations, as set out in the Company's trading update announced on 4 March 2024.

The Company expects to report revenue of £2.9m (FY 2023: £3.0m) and annual recurring revenue ("ARR") of £2.3m (FY 2023: £2.4m), with the reduction reflecting the protracted timelines associated with contract negotiations for sizable new opportunities. The Company has continued to make progress negotiating with these large counterparties and is delighted to have also announced today that it has been awarded a three-year contract, worth a minimum of £2m, by one of the world's largest technology companies and which also offers further opportunities for expansion (the "Contract"). In addition, since the year-end, the Company is pleased to have signed a two-year contract renewal with one of its largest customers, with the contract value increasing by over 20%. This increase partly reflects Rosslyn introducing its strengthened customer success function as an additional chargeable service, which generates additional value for customers by enabling them to maximise their use of the Rosslyn platform and more effectively identify risk in the supply chain.

The Company expects to report adjusted* EBITDA loss for FY 2024 of £2.5m (FY 2023: £2.0m loss) and EBITDA loss of £3.3m (FY 2023: £2.4m loss), which is ahead of management expectations. The better-than-expected adjusted EBITDA performance reflects the Board's strategic decision to prioritise sustainable growth and focus on the quality of revenues as discussed further below. The increase in EBITDA loss (on a reported and adjusted basis) for FY 2024 compared with the prior year is due to the lower revenue and greater costs as the Company increased its level of activity as it began to rebuild its business following a period of significant restructuring. In addition, the Company generated profit in FY 2023 from the sale of discontinued operations.

The Board is focused on achieving positive adjusted EBITDA and cash generation on a monthly basis by the end of the current financial year and on an annual basis from FY 2026, which will drive accelerated revenue growth in the medium term. As previously stated, during the year the Company increased its pricing for its professional services work to appropriate market levels, which applies to new and renewed customer contracts, such that all new business is being sold at a higher margin. In addition, the Company's R&D team, under the leadership of the newly appointed fractional Chief Technology Officer, has conducted an in-depth internal project to increase platform efficiency, which will result in reduced costs going forward. As the Company expands its business it will also benefit from a number of economies of scale, such as being able to increase its Azure platform usage by up to 50% without incurring additional cost. As noted above, the Company has also commenced selling its customer success package as an additional service.

The Company expects to report gross margin for FY 2024 of approximately 39% (FY 2023: 34.7%), with the improvement being driven by the aforementioned actions. The Board expects this momentum to continue as the new higher-margin contracts are signed and the benefits of the platform enhancements are fully recognised.

As at 30 April 2024, the Company's total contract pipeline was £3.3m (30 April 2023: £3.6m) and the weighted pipeline was £1.3m (30 April 2023: £1.1m). On an underlying basis, there was an increase in both the total and weighted pipeline as management has adopted more stringent criteria for what qualifies as pipeline compared with the prior year. Following the securement of the Contract noted above, the Company's near-term pipeline remains strong with the Company in the advanced stages of concluding a number of further new contracts.

As at 30 April 2024, the Company had cash and cash equivalents of £807k (30 April 2023: £767k). Cash burn was £218k per month (30 April 2023: £205k), reflecting the rebuilding of the business. Since the period end, the Company has focussed on reducing the cash burn and, as at 31 July 2024, the Company had cash and cash equivalents of c. £703k, reflecting the seasonality of contract renewals as well as the Company's tight focus on cash management. Importantly, the Company expects cash burn to reduce as the aforementioned significant new contracts are signed and the Group begins to benefit from the increased platform efficiency. The Contract win also strengthens Rosslyn's position in pursuing a number of funding options to extend the cash runway to when the Company becomes cash generative.

The Company will provide further detail on FY 2024 trading in its full year results announcement.

Rosslyn's Artificial Intelligence Classification Engine ("AiCE")

As previously announced, a successful proof-of-concept of the Company's AI solution - which utilises AI to automate procurement data categorisation and classification - was conducted with four key customers during FY 2024. Following further development and refinement, the new AiCE solution became operational with the first customer in April 2024, as planned, and is currently live with four customers. Rosslyn expects to make AiCE, which is the culmination of several years

premises, and is currently the main revenue stream. Rosslyn expects to make this, which is the culmination of several years of investment and development, commercially available by the end of the first half of the current financial year, when it will be sold as an additional classification-as-a-service module.

The foundation for all spend intelligence is the quality of the underlying procurement data. By harnessing the power of AI, Rosslyn can automatically generate the categorisations and classifications of extracted procurement data, which is a process that must be undertaken before the data can be analysed. Automating this process significantly increases accuracy, expands the volume and complexity of data that can be incorporated and therefore shortens the time to insight - which is particularly important for meeting the increasing demand for real-time procurement insight. It also reduces the need for time-consuming ongoing manual maintenance of classification rules and frameworks.

Looking further ahead, the Company is in the process of developing a procurement data lake which, through machine learning, can enable predictive intelligence. Optimal performance requires continuous refining and enriching of the data within the procurement data lake, which is most effectively achieved through automation, particularly for organisations with large and complex data sets. Accordingly, the Board believes AiCE represents a transformational opportunity for Rosslyn and its customers and looks forward to updating the market on its progress.

* Adjusted to exclude exceptional items, share-based payments and convertible loan interest.

This announcement contains inside information.

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About Rosslyn

Rosslyn (AIM: RDT) provides an award-winning spend intelligence 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. Investors wishing to contact the Company should email investors@rosslyn.ai.

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