

4 September 2024

Cirata plc
("Cirata" or the "Company" or the "Group")

Interim unaudited results for the six months ended 30 June 2024

Cirata (LSE: CRTA), announces its interim unaudited results for the six months ended 30 June 2024 ("H1 FY24" or the "Period"). A supporting pre-recorded video presentation with Q&A will be available shortly after the release of this RNS at [Cirata Interims](#) or can be accessed through the company website at [Investor relations](#).

Financial Headlines

- Revenue for the Period 3.4m (H1 FY23: 3.0m)
- Bookings^[1] of 2.4m (H1 FY23: 2.8m)
- Cash overheads^[2] of 11.8m (H1 FY23: 17.6m)
- Adjusted EBITDA^[3] loss of 8.6m (H1 FY23: 14.8m, loss)
- Statutory loss from operations of 9.6m (H1 FY23: 18.8m, loss)
- Cash at 30 June 2024 of 9.1m (31 December 2023: 18.2m)
- **Outlook:** The Board is retaining its FY24 booking guidance of 13-15m as, with strong execution, it remains achievable although demanding with expected bookings Q4 FY24 weighted

Bookings

Bookings in H1 FY24 were 2.4m (H1 FY23: 2.8m), with the business mix driven by DevOps software, accounting for 59% of bookings and Data Integration ("DI") software accounting for 41% of bookings (H1 FY23: DevOps software 81%, DI 19%). New and growth contracts represented 43% of the mix by value (H1 FY23: 15% of the mix). The improvement in mix to new and growth contracts represents a YoY improvement in the new contract acquisition and expansion of existing contracts.

In total, 31 contracts were signed in H1 FY24 (H1 FY23: 33 contracts) of which 16 were new and growth contracts (H1 FY23: 13 contracts). DI new and growth contracts for the Period totalled 7, including the second phase to the previously announced deal with a large automotive manufacturer, (H1 FY23: 4 contracts). DI represented 85% of the value of all new and growth contracts.

Significant renewals secured in H1 FY24 included the previously announced 592,000 3-year maintenance and support renewal by Oppo for Cirata's MultiSite Gerit product^[4].

Deal slippage remained a feature of H1 FY24 performance. As disclosed in the Q2 FY24 trading update, published on 16 July 2024, some of the significant potential deals in Q2 FY24 slipped. We continue to expect that these will conclude in the latter part of H2 FY24 matching customer critical timelines. During H1 FY24 the team delivered some improvement on closing smaller deals, which is encouraging, but challenges remain around the complex nature of larger enterprise sales for DI, with complexity from customer and partner procurement processes. Establishing greater sales cycle predictability with better sales execution, therefore, remains a key priority for Management to enable Cirata to move beyond its current non-linear growth trajectory. Today, the sales team is more established which provides greater confidence in sales cycle management and deal closure predictability.

Key Performance Indicators ("KPIs")

Bookings have lagged the overall improvement in the business since the implementation of the Turnaround plan prompted by the March 2023 disclosures. However, KPIs point to the ongoing recovery taking place in the business.

1. Exiting H1 bookings pipeline at all stages amounted to greater than 110 opportunities.
2. Within the pipeline the product mix is 31% DevOps, 69% DI. The geographic mix is 34% International, 66% North America.
3. 70% of lead generation has come through partners.
4. Within DI, we have won 6 new logos including 2 major Automotive companies, and 4 global financial institutions. Returning customers in DI include a global retailer, global IT services company, Telecoms company, global automotive company, and a global insurer,
5. Within DI we have implemented all three target use cases (migration, disaster recovery, and continuous use case) using the Live Data Migrator ("LDM") product. These have been contracted to both returning and new customers.
6. Returning customers are an important metric for the business, not only from a booking's perspective but also an indication of trust in both the product and the Cirata brand. In total since the rescue of the business in March 23 we have 47 renewals, 6 of which have been for DI. In addition, New and Growth contracts totaled 33, of which DI totaled 15.
7. In DevOps Cirata launched the first product release since 2021 to support Geritt 3.7. Work is underway to support 3.9. Customer feedback is positive including Proof of Concepts ("POC").
8. The scope of the LDM target integrations include, Hadoop Distributed file system (HDFS), Amazon S3, Azure Data Lake storage (ADLS) Gen 2, Google Cloud Storage, IBM Object Storage, Oracle Object Storage and, Alibaba Cloud Object Storage Service.
9. For DI, the recent release of LDM 2.5 continues to improve the scope of both source and target implementations, aligning with our partners and customers immediate needs and further expanding the opportunities for lead generation. Recent examples of expanding partnership include announcements with both DataBricks^[5] and IBM^[6]. LDM 2.5 provides support for DataBricks Unity catalog, and live support for IBM GPFS a cluster file system used as storage for the IBM Spectrum Scale data lake. We are seeing a strong cadence to our release planning and scheduling.
10. The upcoming release of LDM 2.6 will provide support for Apache Iceberg^[7]. This is an open standard that will allow for broader data lake interoperability, an important hybrid cloud enabler.
11. We recently announced that LDM is available on Google Cloud Marketplace^[8]. With the addition of Google LDM is now available on all three of the major cloud vendors marketplaces.

Cost realignment programme

Realistic growth targets must be aligned to the appropriate cost base to deliver on the current plan and provide operating leverage as we move beyond targeted breakeven. During Q2 FY24 as part of our ongoing efficiency and effectiveness drive, we initiated a fresh cost realignment programme to further reduce annualised costs from 23m to circa 20m as we exit FY24. This compares to the overall annualised cost base of 45m at the end of March FY23. This will have the effect of significantly improving the operational leverage of the Company as we continue to execute towards our growth goals for FY24 and beyond.

Equity fundraise

The Company recently completed its equity fundraise raising gross proceeds of 7.2m (£5.6m), announced on 17 July 2024, the use of proceeds are as follows:

- Take the business through to cash flow break-even, which the Company aspires to as it exits FY24;
- Underpin all stakeholders', including customers' confidence
- To allow the business to capitalize on its potential through investment in sales, marketing and products.

Outlook

As outlined in the Company's trading update on 16 July 2024, with the current pipeline, prospects in progress (including those delayed from Q2 FY24) and four months of the year remaining, the Board is retaining its FY24 booking guidance of 13-15m as, with strong execution, it remains achievable although demanding with expected

bookings Q4 FY24 weighted. We believe we will continue to see improving levels of sales activity, both direct and through partners as we trade through H2 FY24 and our Go-To-Market ("GTM") continues to mature.

Relative to prior periods this level of bookings would represent:

- Sequential progression on FY23, with 81% bookings growth at the low end and 108% at the high end

The FY24 cash overhead cost base is expected to be c. 23m and is expected to be at 20m annualized as we exit FY24.

The Board believes that the current levels of lead generation and early-stage pipeline support the medium-term ambition of the Company.

Current Trading

The Company has continued to make progress closing nine deals so far in Q3. Further information will be provided in the Q3 IMS in October.

Stephen Kelly, Chief Executive Officer, commented:

"Whilst we are making progress rebuilding the Company, we knew the rebuild would take time and we are yet to see the fruits of our labour in terms of the headline numbers. However, there are plenty of positives that give us confidence as we navigate the second half of the year."

"On our scorecard, both customer and partner re-engagement is progressing well, our product positioning has improved clarity, our product roadmap is aligned and driving our pipeline build and we have positioned the Company for maximum operational leverage when we hit our growth targets. Our goal is to deliver sustainable levels of high growth with a fraction of the previous cost base as we improve GTM productivity and market alignment across the Company. Deal slippage continues to mask other improvement taking hold across the business and although some initial improvements have been made on closing smaller deals sales execution continues to require focus and attention. Management remains laser focused on reducing the Company's exposure to slippage risk."

"Building a growth company from the wreckage of a broken business places special demands on the colleagues tasked to accelerate the growth journey. I am particularly proud of the response from our colleagues to the challenges we have faced, and I know we are collectively looking to the future with renewed energy, focus and optimism. To our customers and investors, we thank you for your continued patience and support."

The person responsible for arranging the release of this announcement on behalf of Cirata plc is Larry Webster, Company Secretary.

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About Cirata

Cirata, accelerates data-driven revenue growth by automating data transfer and integration to modern cloud analytics and AI platforms without downtime or disruption. With Cirata, data leaders can leverage the power of AI and analytics across their entire enterprise data estate to freely choose analytics technologies, avoid vendor, platform, or cloud lock-in while making AI and analytics faster, cheaper, and more flexible. Cirata's portfolio of products and technology

solutions make strategic adoption of modern data analytics efficient and automated. For more information about Cirata, visit www.cirata.com

Business Review

At the start of H1 FY24 the Company began its Business-as-Usual phase of its Turnaround plan, having undergone a major reorganization in terms of both the Company's structure and strategic focus. During the first quarter of this financial year, we implemented the final changes made to the Company's sales organization structure. The sales kickoff early in the year embedded sales training, processes, and targets for the FY24 plan. Pipeline opportunities have continued to build throughout H1 FY24 with improved partner and direct customer engagement.

Deal slippage remained a feature in H1 FY24 and has led to a delay in pipeline conversion. Enterprise sales cycles are 6-12 months in duration and procurement cycles for both partners and direct customer engagement can be complex. Management remains focussed on reducing the Company's exposure to slippage risk, establishing greater sales cycle predictability, therefore, this remains a key priority for Management.

Combined with the substantial gains in operating leverage achieved through our cost realignment program, this will pave the way for Cirata to reach profitability and transition to sustainable growth.

During the past six months, the marketing function has 'test driven' various elements of the marketing mix and there is growing evidence that digital marketing and account-based marketing efforts are starting to deliver meaningful inbound leads. The marketing team is now doubling down on certain activities that are yielding improved lead generation metrics such as a 200% increase in Q2 FY24 over Q1 FY24 LinkedIn ad performance and an 80% increase in organic search traffic. Further improvements on the website Cirata.com have been made. A simplified user experience, and an improved clarity on product positioning and value proposition.

The new GTM organization is bedding down with leads from partners and customer activity levels increasing and contributing to pipeline growth.

Whilst the first two quarters have been slower than expected or desired, the January 1 reconfiguration of the GTM approach accompanied by greater clarity around Cirata's product offerings have served to improve momentum, which is encouraging. The pipeline is higher quality, better qualified and more robust compared to this point last year or indeed 6 months ago.

Separately following a review of the strategy completed in April 2024, several strategic decisions were validated with primary data input from customers, partners and market data, namely:

1. Grow and invest in the two product lines - Data Integration (potential triple digit annual growth) & DevOps (potential double digit annual growth). Functionally, there is a separation between DI and DevOps sales & Product/Engineering teams to execute for growth;
2. Establish two Data Integration sales geographies (Americas & International) and a dedicated global DevOps focus; and
3. Continue the tactical 8-12 quarters growth plans whilst developing long-term strategic growth plans in growth markets based on our core competencies of DI/DevOps towards Hybrid Cloud & AI.

Within DI the establishment of a beach head market for data lake migration underpins the near-term growth opportunities for the LDM. The messaging and positioning of LDM has been clarified and simplified seeking to provide a clear value proposition to our customers^[9]. In DevOps niche opportunities exist within development environments that have assets with high levels of intellectual property and that require fault tolerant solutions. In particular, we see opportunities within the Gerrit code review market.

The Company's recent product releases and future technology road map align with both the current tactical pipeline opportunities and medium-term adjacent growth opportunities. With the release of LDM 2.5 important enhancements to both source and target environment support has been achieved. Native integration with DataBricks Unity catalog allows users of LDM to take full advantage of the unified governance features of the Databricks platform. In addition, live support for IBM General Parallel File System adds another important source environment to the LDM capabilities.

With the 2.5 release not only is migration scale and performance improved but also fine-grained control and audit

logging is supported, an increasingly important feature in a multicloud data management environment. The upcoming release of LDM 2.6 will provide support for Apache Iceberg^[10]. This is an open standard that will allow for broader data lake interoperability, an important hybrid cloud enabler. LDM is also now available on the Google Cloud Marketplace, this will make it easier for joint customers to acquire the technology they need to migrate Hadoop data lakes across multi-cloud environments that include Google Cloud while helping to optimize cloud spend.

In DevOps we released Gerrit Multisite 3.7 which closes a significant version gap in the code review offering that will allow both existing and new customers to enjoy simplified scalability, communication and collaboration features.

The validation of the strategic direction, the ongoing development of the product roadmap with our GTM, the improving cadence to pipeline build, and a significantly improved operating leverage through a realigned cost structure point to progress towards a sustainable growth model.

Financial Review

Revenue for the period ended 30 June 2024 was 3.4m (H1 FY23: 3.0m).

Deferred revenue from sales booked during H1 FY24 and in previous years, and not yet recognised as revenue, is 2.3m at 30 June 2024 (H1 FY23: 1.9m). Our deferred revenue represents future revenue from new and renewed contracts, many of them spanning multiple years.

Adjusted EBITDA loss was 8.6m (H1 FY23: 14.8m, loss). The reduction in the loss position has been primarily driven by a materially lower cost base than the prior period following cost reduction efforts undertaken following the discovery of the Irregularities announced on 9 March 2023.

Revenue

Revenue was 3.4m (H1 FY23: 3.0m). Revenue performance is driven by Bookings in the Period and the movement in deferred revenue balance. Of the 3.4m of revenue for the Period, 1.0m came from Bookings and 2.4m from deferred revenue movement.

The Company has two main products: Data Integration (DI) and DevOps. The Data Integration revenues were 1.3m (H1 FY23: 0.7m) with DevOps revenues making up 2.1m (H1 FY23: 2.3m) during the period. The DI business continues to be lumpy in nature reflecting the non-linear timing of bookings as well as the accounting of booked business where most of the revenue from a booking is recognized as license at a point in time on delivery with the remainder allocated to support and maintenance which is spread over the life of the underlying contract. The DevOps business is mainly driven by renewals with revenues primarily coming from maintenance and support and recognized pro rata over the period of the underlying contract: the exception, historically, has been for perpetual license income as was the case in H1 FY23.

As we continue to re-build the business and our commercial model, we aim to transition to greater recurring revenue over time, to reduce the volatility of our revenue base and provide greater forward visibility. A combination of increasing visibility of Bookings (through growth in the pipeline and reduction in slippage) and moving DI customers to a "platform fee and subscription model" should, over time, increase the level of recurring revenues.

Operating costs

Cash overheads decreased in the period primarily reflecting the impact of the restructuring undertaken by the business, falling to 11.8m in H1 FY24 (H1 FY23: 17.6m). The Company began FY23 with an elevated cost base, reaching 45m annualized run-rate in Q1 FY23, as it anticipated significant new business from commit-to-consume contracts which turned out to be non-existent and fraudulent. The actions taken by Management during FY23 significantly reduced the cost base with the full year impact coming through in 2024. The cost reductions were realized across the business with reductions in both headcount: 108 as at 30 June 2024 (31 December 2023: 112, and 30 June 2023: 127); and non-headcount costs. At the start of 2024, Management expected the annualized run-rate for 2024 to be c. 23m.

Management have continued to rationalize the cost base after H1 FY24 and now expect the overhead cost base for FY25 to be c. 20m. We believe that this cost base provides the capacity for the business to deliver on its bookings growth objectives and thus creates significant operating leverage.

Profit and loss

Adjusted EBITDA loss for the period was 8.6m (H1 FY23: 14.8m, loss).

The loss after tax for the period decreased to 8.9m (H1 FY23: 22.5m), principally because of lower cost base and net

foreign exchange gain of 0.7m (H1 FY23: 3.9m loss), reported within finance income/(costs). The net foreign exchange gain arose from the retranslation of intercompany balances at 30 June 2024, reflecting the weakening of 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 (loss)/gain 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 30 June 2024 were 4.4m (31 December 2023: 4.4m). This includes 1.9m of trade receivables (31 December 2023: 1.8m) and 2.5m related to non-trade receivables (31 December 2023: 2.6m).

Net consumption of cash was 9.0m before financing (H1 FY23: 16.1m), resulting in a closing cash balance of 9.1m as at 30 June 2024. The lower cash burn was driven by lower costs compared to the prior period.

Management continues to focus on driving the business to a cash flow break-even position as the Company exits 2024.

Subsequent events

On 16 July 2024 the Company announced a fundraise to raise gross proceeds of approximately 7.2m (£5.4m) at a price of 55 pence per share which it successfully completed

Ijoma Maluza

Chief Financial Officer

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2024

		Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
	Note	'000	'000	'000
Revenue	3	3,434	2,992	6,695
Cost of sales		(273)	(277)	(633)
Gross profit		3,161	2,715	6,062
Operating expenses	4	(12,738)	(21,477)	(37,625)
Other expense		-	-	(46)
Impairment loss		-	-	(815)
Operating loss	4	(9,577)	(18,762)	(32,424)
Finance income	5	715	122	164
Finance costs	5	(39)	(3,892)	(4,227)
Net finance income/(costs)	5	676	(3,770)	(4,063)
Loss before tax		(8,901)	(22,532)	(36,487)
Income tax (charge)/credit		-	(3)	8
Loss for the period		(8,901)	(22,535)	(36,479)
Other comprehensive (loss)/income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations - foreign currency translation differences		(697)	4,193	4,489
Other comprehensive (loss)/income for the period, net of tax		(697)	4,193	4,489
Total comprehensive loss for the period attributable to owners of the parent		(9,598)	(18,342)	(31,990)
Loss per share				
Basic and diluted loss per share (cent)	6	(8)	(34)	(41)

The notes form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of financial position

At 30 June 2024

		30 June 2024 (Unaudited)	30 June 31 December 2023 (Unaudited)	December 2023 (Audited)
	Note	'000	'000	'000
Assets				
Property, plant and equipment		121	442	151
Other non-current assets	7	258	391	278
Non-current assets		379	833	429
Trade and other receivables	8	4,397	4,275	4,439
Cash and cash equivalents		9,089	3,176	18,246
Current assets		13,486	7,451	22,685
Total assets		13,865	8,284	23,114
Equity				
Share capital		15,744	9,546	15,634
Share premium		256,281	233,881	256,278
Translation reserve		(9,781)	(9,380)	(9,084)
Merger reserve		1,247	1,247	1,247
Retained earnings		(255,430)	(235,264)	(247,461)
Total equity		8,061	30	16,614
Liabilities				
Loans and borrowings	9	120	-	359
Deferred income	10	594	223	129
Deferred tax liabilities		3	3	3
Non-current liabilities		717	226	491
Current tax liabilities		-	9	-
Loans and borrowings	9	466	41	436
Trade and other payables		2,892	6,304	2,986
Deferred income	10	1,729	1,674	2,587
Current liabilities		5,087	8,028	6,009
Total liabilities		5,804	8,254	6,500
Total equity and liabilities		13,865	8,284	23,114

The notes form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2024

	Attributable to owners of the Company					
	Share capital	Share premium	Translation reserve	Merger reserve	Retained earnings	Total equity
Six months ended 30 June 2024 (Unaudited)	'000	'000	'000	'000	'000	'000
Balance at 1 January 2024	15,634	256,278	(9,084)	1,247	(247,461)	16,614
Total comprehensive loss for the period						
Loss for the period	-	-	-	-	(8,901)	(8,901)
Other comprehensive loss for the period	-	-	(697)	-	-	(697)
Total comprehensive loss for the period	-	-	(697)	-	(8,901)	(9,598)
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	-	-	-	-	932	932
Share options exercised	110	3	-	-	-	113
Total transactions with owners of the Company	110	3	-	-	932	1,045
Balance at 30 June 2024	15,744	256,281	(9,781)	1,247	(255,430)	8,061

Six months ended 30 June 2023 (Unaudited)

Balance at 1 January 2023	9,524	232,861	(13,573)	1,247	(213,496)	16,563
Total comprehensive (loss)/income for the period						
Loss for the period	-	-	-	-	(22,535)	(22,535)
Other comprehensive income for the period	-	-	4,193	-	-	4,193
Total comprehensive income/(loss) for the period	-	-	4,193	-	(22,535)	(18,342)
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	-	-	-	-	767	767
Share options exercised	22	1,020	-	-	-	1,042
Total transactions with owners of the Company	22	1,020	-	-	767	1,809
Balance at 30 June 2023	9,546	233,881	(9,380)	1,247	(235,264)	30

The notes form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

For the six months ended 30 June 2024

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
	Note	'000	'000
Cash flows from operating activities			
Loss for the period		(8,901)	(22,535)
Adjustments for:			
- Depreciation of property, plant and equipment		35	376
- Loss on disposal of property, plant and equipment		-	-
- Release of lease liability		-	(216)
- Impairment of right of use asset		-	815
- Net finance income (excluding foreign exchange)		(1)	(122)
- Income tax charge and other expense/(income)		-	3
- Unrealised foreign exchange (gain)/loss		(666)	4,181
- Equity-settled share-based payment	11	932	767
		(8,601)	(17,330)
Changes in:			
- Trade and other receivables		102	798
- Trade and other payables		(90)	163
- Deferred income		(393)	(361)
Net working capital change		(381)	600
Cash used in operating activities		(8,982)	(16,730)
Interest paid		(39)	(2)
Income tax received		-	680
Net cash used in operating activities		(9,021)	(16,052)
Cash flows from investing activities			
Interest received		-	2
Acquisition of property, plant and equipment		(5)	(90)
Net cash used in investing activities		(5)	(88)
Cash flows from financing activities			
Proceeds from issue of share capital		113	1,042
Share issue costs		-	-
Payment of lease liabilities		(210)	(499)
Net cash (used in)/generated from financing activities		(97)	543
Net decrease in cash and cash equivalents		(9,123)	(15,597)
Cash and cash equivalents at 1 January		18,246	19,108
Effect of movements in exchange rates on cash held		(34)	(335)
Cash and cash equivalents at the end of the period		9,089	3,176

The notes form an integral part of these condensed consolidated interim financial statements.

1. Reporting entity

Cirata plc (the "Company") is a public limited company incorporated and domiciled in Jersey. The Company's ordinary shares are traded on AIM. These condensed consolidated interim financial statements ("Interim financial statements") as at and for the six months ended 30 June 2024 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.

2. Basis of preparation

a Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 ("last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The accounting policies set out in the Group's statutory financial statements for the year ended 31 December 2023 have been applied in the preparation of the interim financial statements.

These interim financial statements were authorised for issue by the Company's board of directors on [3] September 2024.

b Going concern

These interim financial statements have been prepared on a going concern basis.

As at 30 June 2024 the Group had net assets of 8.1m (31 December 2023: 16.6m), including cash of 9.1m (31 December 2023: 18.2m) as set out in the interim condensed consolidated statement of financial position. In the six months ended 30 June 2024, the Group incurred a loss before tax of 8.9m (H1 FY23: 22.5m) and net cash outflows before financing of 9.0m (H1 FY23: 16.1m).

Revenue for H1 FY24 was 3.4m (H1 FY23: 3.0m), with an operating loss of 9.6m (H1 FY23: 18.8m), mainly due to reduced operating expenses.

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 unaudited interim financial statements.

In performing its going concern assessment, the Directors are required to consider a minimum period of twelve months from the date of approving the interim financial statements. Scenario modelling has been undertaken over the period to 30 September 2025. The assessment involved the preparation of a 'Base' case and a 'Downside' case.

The Base case scenario included assumptions for quarterly sales targets, anticipated changes to the Group's current contracting model, timeframes for new sales personnel to convert sales pipelines, and cost assumptions reflecting an overhead annualised cost base of c. 23m in FY24 and c. 20m in FY25. Under the Base case the Group is forecasting the ability to meet all financial obligations as and when they fall due during the period forecast.

The Downside case sensitised the Base case and modelled lower sales bookings during the period without any further cost reduction, which would be taken in such a scenario. Under the Downside case the Group is forecasting a reduction in cash resources to less than 5m by the end of September 2025. The Downside scenario does not consider any readily available mitigating actions that Management could take. By their very nature forecasts and projections are inherently uncertain. The biggest driver of the uncertainty continues to be around the ability of the business to successfully close sales in a predictable and sustainable way. Consequently, the loss-making position of the Group and the low forecast cash balance sheet position heightens the uncertainty such that circumstances could arise under which the downside scenario may occur that would render the preparation of accounts based on the assumption of a going concern inappropriate.

In the past the Group has managed to address such downside scenarios through a combination of raising funds from shareholders and cost-cutting measures. The Directors believe both fund-raising and cost cutting options remain available to them for the current going concern period being assessed. Whilst trading for the current year has started slower than expected, the Directors believe the current sales pipeline is healthy, are confident that new revenue contracts will be secured in line with those forecast, that appropriate mitigating actions to the Group's cost base could be undertaken should the need arise, and that these actions would be sufficient for the Group to meet its financial obligations as and when they fall due over the forecast period.

2. Basis of preparation (continued)

b Going concern (continued)

If, however, a scenario worse than the downside scenario were to occur and (a) the Company were unable to anticipate and cut costs sufficiently to preserve the cash runway to a cash break-even position and (b) the Company were unable to raise funds from shareholders or other sources, this would indicate the existence of a material uncertainty which would cast significant doubt over the Group's ability to continue as a going concern.

Accepting the material uncertainty, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing these Interim financial statements. No adjustments have been made to the financial statements that would result if the Group were unable to continue as a going concern.

c Functional and presentational currency

The interim consolidated financial statements are presented in US dollars, as the revenue for the Group is predominately derived in this currency. Billings to the Group's customers during the period by Cirata, Inc. were all in US dollars with certain costs being incurred by Cirata Ltd in sterling and Cirata, Pty Ltd in Australian dollars. All financial information has been rounded to the nearest thousand US dollars unless otherwise stated.

d 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 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 period 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, equity settled share-based payment and other one-off non-recurring items disclosed separately. See Note 4 for a reconciliation.
- Adjusted EBITDA: Operating loss adjusted for: impairment loss, depreciation, amortisation, equity settled share-based payment other (expense)/income and other one-off non-recurring items disclosed separately. See Note 4 for a

payments, other (expense)/income and other one-off non-recurring items disclosed separately. See Note 1 for a reconciliation.

e Use of judgements and estimates

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

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3. Revenue and segmental analysis

a Operating segments

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

b Geographical segments

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

	Six months ended 30 June 2024 (Unaudited) '000	Six months ended 30 June 2023 (Unaudited) '000	Year ended 31 December 2023 (Audited) '000
Revenue			
North America	2,069	1,658	4,603
Europe - Germany	449	783	896
Europe - Other	492	202	479
Rest of the world	424	349	717
	3,434	2,992	6,695

3. Revenue and segmental analysis (continued)

b Geographical segments (continued)

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

c Major products

The Group's core patented technology, Distributed Coordinated Engine, ("DConE"), enables the replication of data. This core technology is contained in the vast majority of the Group's products.

d Major customers

	Six months ended 30 June 2024 (Unaudited) % of revenue	Six months ended 30 June 2024 (Unaudited) '000 revenue	Six months ended 30 June 2023 (Unaudited) % of revenue	Six months ended 30 June 2023 (Unaudited) '000 revenue	Year ended 31 December 2023 (Audited) % of revenue	Year ended 31 December 2023 (Audited) '000 Revenue
Customer 1	17%	597	3%	77	12%	832
Customer 2	4%	123	20%	603	11%	716
Customer 3	-	8	12%	358	5%	368
Customer 4	2%	81	3%	81	15%	984

No other single customers contributed 10% or more to the Group's revenue (2023: nil).

e Split of revenue by timing of revenue recognition

	Six months ended 30 June 2024 (Unaudited) '000	Six months ended 30 June 2023 (Unaudited) '000	Year ended 31 December 2023 (Audited) '000
Revenue			
Licences and services transferred at a point in time	2,356	1,821	4,222
Maintenance and support services transferred over time	1,078	1,171	2,473
	3,434	2,992	6,695

f Contract balances

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

	Six months ended 30 June 2024 (Unaudited) '000	Six months ended 30 June 2023 (Unaudited) '000	Year ended 31 December 2023 (Audited) '000
Contract assets, which are included in "Other non-current assets - accrued income"	242	381	265
Contract assets, which are included in "Trade and other receivables - accrued income"	803	774	800
Total contract assets	1,045	1,155	1,065

Contract liabilities, which are included in "Deferred income - non-current"	(594)	(223)	(129)
Contract liabilities, which are included in "Deferred income - current "	(1,729)	(1,674)	(2,587)
Total contract liabilities	(2,323)	(1,897)	(2,716)

4. Cash overheads and Adjusted EBITDA loss

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
a Reconciliation of operating expenses to "Cash overheads":	Note	'000	'000
Operating expenses		(12,738)	(21,477)
Adjusted for:			
Adviser costs relating to the Irregularities		-	2,781
Amortisation and depreciation		35	376
Equity-settled share-based payment	11	932	767
Cash overheads		(11,771)	(17,553)
			(37,625)
b Reconciliation of operating loss to "Adjusted EBITDA loss":	Note	'000	'000
Operating loss		(9,577)	(18,762)
Adjusted for:			
Other expense/(income)		-	-
Adviser costs relating to the Irregularities [11]		-	2,781
Impairment loss		-	-
Amortisation and depreciation		35	376
Equity-settled share-based payment	11	932	767
Adjusted EBITDA loss		(8,610)	(14,838)
			(32,424)

5. Net finance income/(costs)

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
	'000	'000	'000
Interest income on cash and cash equivalents	-	2	33
Interest income on non-current assets	40	120	131
Net foreign exchange gain	675	-	-
Finance income	715	122	164
Net foreign exchange loss	-	(3,892)	(4,200)
Leases (interest portion)	(39)	-	(27)
Finance costs	(39)	(3,892)	(4,227)
Net finance income/(costs)	676	(3,770)	(4,063)

5. Net finance income/(costs) (continued)

The net foreign exchange gain (2023: loss, H1 FY23: loss) arose on sterling-denominated intercompany balances in a US dollar denominated subsidiary. These balances were retranslated at the closing exchange rate at 30 June 2024, which was 1.264, a 1% reduction compared to the rate of 1.27 at 31 December 2023. The gain on intercompany balances in the Condensed consolidated statement of profit or loss is offset by an equivalent exchange loss (2023: gain, H1 2023: 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.

6. 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:

Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
----------------------------------------------------	----------------------------------------------------	---------------------------------------------------

	(Unaudited) '000	(Unaudited) '000	(Audited) '000
Loss for the period attributable to ordinary shareholders	8,901	22,535	36,479
Weighted average number of ordinary shares	Number of shares '000s	Number of shares '000s	Number of shares '000s
Issued ordinary shares at 1 January	114,963	67,015	67,015
Effect of shares issued in the period	379	162	20,934
Weighted average number of ordinary shares during the period	115,342	67,177	87,949
Basic loss per share (cent)	8	34	41

b Adjusted loss per share

Adjusted loss per share is calculated based on the loss attributable to ordinary shareholders before one-off adviser costs relating to the Irregularities, net foreign exchange gain/(loss), impairment loss and the cost of equity-settled share-based payment, and the weighted average number of ordinary shares outstanding:

	Six months ended 30 June 2024 (Unaudited) Note	Six months ended 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
Adjusted loss for the period:	'000	'000	'000
Loss for the period attributable to ordinary shareholders	8,901	22,535	36,479
Adjusted for:			
Adviser costs relating to the Irregularities	-	(2,781)	(4,175)
Impairment loss	-	-	(815)
Net foreign exchange gain/(loss)	675	(3,892)	(4,200)
Equity-settled share-based payment	11 (932)	(767)	(2,514)
Adjusted loss for the period	8,644	15,095	24,775
Adjusted loss per share (cent)	7	22	28

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.

7. Other non-current assets

	30 June 2024 (Unaudited) '000	30 June 2023 (Unaudited) '000	31 December 2023 (Audited) '000
Due in more than a year:			
Other receivables	16	10	13
Accrued income	242	381	265
Total other non-current assets	258	391	278

8. Trade and other receivables

	30 June 2024 (Unaudited) '000	30 June 2023 (Unaudited) '000	31 December 2023 (Audited) '000
Due within a year:			
Trade receivables	1,932	1,046	1,775
Other receivables	365	650	515
Accrued income	803	774	800
Corporation tax	686	736	691
Prepayments	611	1,069	658
Total trade and other receivables	4,397	4,275	4,439

9. Loans and borrowings

	30 June 2024 (Unaudited) '000	30 June 2023 (Unaudited) '000	31 December 2023 (Audited) '000
Non-current lease liabilities	120	-	359
Current lease liabilities	466	41	436
Total loans and borrowings	586	41	795

At 30 June 2024, 30 June 2023 and 31 December 2023 there was no bank loan debt.

10. Deferred income

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

	30 June 2024 (Unaudited) '000	30 June 2023 (Unaudited) '000	31 December 2023 (Audited) '000
Deferred income which falls due:			
Within a year	1,729	1,674	2,587
In more than a year	594	223	129
Total deferred income	2,323	1,897	2,716

11. Share-based payment

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.

The terms and conditions of the share option grants are detailed in the Group annual financial statements for the year ended 31 December 2023.

a Expense recognised in profit or loss

	Six months ended 30 June 2024 (Unaudited) '000	Six months ended 30 June 2023 (Unaudited) '000	Year ended 31 December 2023 (Audited) '000
Total equity-settled share-based payment charge	932	767	2,514

b Summary of share options outstanding

	Six months ended 30 June 2024 (Unaudited) Number	Six months ended 30 June 2023 (Unaudited) Number	Year ended 31 December 2023 (Audited) Number
Number of share options outstanding:			
Outstanding at the start of the period	4,984,365	5,449,095	5,449,095
Granted	117,000	343,347	4,451,702
Forfeited	(116,378)	(2,052,711)	(4,062,030)
Exercised	(20,837)	(181,887)	(419,116)
Cancelled	-	-	(435,286)
Outstanding at the end of the period	4,964,150	3,557,844	4,984,365
Exercisable at the end of the period	977,310	2,122,687	421,944
Vested at the end of the period	977,310	2,122,687	421,944

12. Commitments and contingencies

The Group has no contingent liability at 30 June 2024. At 31 December 2023 and 30 June 2023 there was a contingent liability relating to a sponsorship agreement whereby an additional 127,303 was to be paid under certain conditions that were subject to post year end outcomes. This was a related party transaction.

At 30 June 2024 the Group had no capital commitments (31 December 2023: nil, 30 June 2023 nil) and the Group had no other contingent liabilities at 30 June 2024 (31 December 2023: none, 30 June 2023: none).

13. Subsequent events

On 16 July 2024 the Group announced the subscription and placing of 10,103,328 new ordinary shares of 10 pence each in the Company by existing shareholders at a price of 55 pence raising gross proceeds of 7.2m. The proceeds are being used to provide growth working capital.

[1] Total contract value of contracts signed during the period.

[2] Operating expenses adjusted for: depreciation, amortisation, equity-settled share-based payment and other one-off non-recurring items disclosed separately. See Note 4 for a reconciliation.

[3] Operating loss adjusted for: impairment loss, depreciation, amortisation, equity-settled share-based payment, other (expense)/income and other one-off non-recurring items disclosed separately. See Note 4 for a reconciliation.

[4] Renewal amount for the whole of the 3-year term

[5] [Qrata Expands Databricks Partnership | Qrata](#)

[6] [Qrata adds IBM® General Parallel File System | Qrata](#)

[Grata and its Distributed Parallel File System | Grata](#)

[7] [Introduction - Apache Iceberg](#)

[8] [Grata Data Migrator now available on Google Cloud Marketplace | Grata](#)

[9] LDM is a fully automated solution that moves on-premises HDFS data, Hive metadata, local filesystem, or cloud data sources to any cloud or on-premises environment, even while those datasets are under active change. Ideally suited for cloud migrations, disaster recovery processes and continuous data migration use case.

[10] [Introduction - Apache Iceberg](#)

[11] These are costs relating to the investigation of the significant, sophisticated and potentially fraudulent irregularities which related to received purchase orders and related revenue and bookings, as represented by one senior sales employee which were uncovered in March 2023.

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