

# **INTERIM RESULTS**

21 JULY 2016

 **SIRIUM**

## Interim Results

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### Osirium Technologies plc ("Osirium" or "Group") Interim Results

Osirium Technologies plc (AIM: OSI.L), a UK based cyber-security software provider, today announces its maiden unaudited interim results for the six months ended 30 April 2016.

#### Operational highlights

- Admitted to AIM in April 2016 raising £5.1 million net of expenses via a placing of new ordinary shares
- Net proceeds of the placing have enabled the Group to appoint additional staff members, fund an increase in sales and marketing activity and invest in the continued research and development of new and enhanced software modules
- Next generation Privileged Account management solution PAM 2.0 launched in February 2016 has resulted in a significant uplift in customer interest and brand recognition
- Promising start to the current financial year, strong and growing pipeline of new customer prospects with significant contracts in sight for 2016
- Recruitment of sales, marketing and technical resource in line with plans

#### Financial summary

- Total Revenue of £162,000 (2015: £175,000), comprising:
  - SaaS Revenue of £158,000 (2015: £149,000)
  - Professional Services Revenue of £4,000 (2015: £26,000)
- Total invoiced sales of £206,000 (2015: £142,000)
- Operating loss of £513,000 (2015: £373,000), reflecting increased investment in sales and marketing
- Balance sheet strengthened - Total Shareholders' Equity of £5,331,000 (2015: £904,000)
- Cash and cash equivalents at 30 April 2016 of £4,939,000 (2015: £498,000)

#### David Guyatt, Chief Executive Officer, commented:

"I am pleased to announce our first set of results as an AIM company. The Board is grateful for the support from our existing shareholders together with the funding provided in April by our new investors as part of our IPO. The Group is already benefiting from the impact of its admission with a strengthened balance sheet and a raised profile in the marketplace. This has helped generate a strong and growing pipeline of new business prospects and we believe that there are significant opportunities to take advantage of the thriving cyber-security market and establish a leading position in the industry."

**For further information:**

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## Notes to Editors

Osirium Technologies plc (AIM: OSI.L), is a UK based cyber-security software provider. Osirium protects critical IT assets, infrastructures and devices by preventing targeted cyber-attacks from directly accessing Privileged Accounts, removing unnecessary access and powers of Privileged Account users, deterring legitimate Privileged Account users from abusing their roles and containing the effects of a breach if one does happen.

Osirium has defined and delivered PAM 2.0, which the Directors view as the next generation Privileged Account management solution. The team has developed the concept of Virtual Air Gap to separate users from passwords, with Osirium's Privileged Task Management module further strengthening Privileged Account security and delivering impressive return on investment benefits for customers.

Founded in 2008 and with its headquarters in Reading, UK, the Group was admitted to AIM in April 2016. For further information please visit [www.osirium.com](http://www.osirium.com)

## Chief Executive's Review

### Introduction

The six months under review have been transformational for the Group, culminating with its admission to AIM in April 2016. On admission, Osirium successfully raised £5.1 million net of expenses which has provided the Group with the capital to continue the growth of the business through the building out and development of relationships with existing and new customers alike in the global cyber-security market. The funds raised have, in addition, enabled the Group to appoint additional staff members, support increased expenditure in the execution of the Group's sales and marketing strategy and invest in the continued research and development of software modules. Osirium is already benefiting from the impact of its admission to AIM with a strengthened balance sheet and a raised profile in the marketplace.

### *Financial summary*

Osirium's loss before tax for the six months to 30 April 2016 was £513,000, compared with a loss of £373,000 for the six months to 30 April 2015.

Revenue was £162,000 compared with £175,000 in the same period of 2015, however SaaS revenue was up 6% to £158,000 for the six months to 30 April 2016 from £149,000 for the same period in 2015. The balance of revenue in each period was for chargeable professional services. Invoiced sales during the period increased 45% to £206,000 (2015: £142,000).

As at 30 April 2016, the Group had cash balances of £4,939,000 (2015: £498,000).

The Group continued to increase its investment in research and development during the period, with £229,000 capitalised in the period (2015: £188,000), an increase of 22%, which has been focussed on refining and further developing our next generation Privileged Account management solution PAM 2.0 proposition and working to meet new and prospective clients' expectations. The Group expects SaaS revenues to increase further during the remainder 2016 and, with the addition of extra consultancy resource, increased service revenues are also being targeted.

## Business Review

### *Customers and marketing*

Osirium places significant emphasis on marketing campaigns, including on-line and digital. During the first half, the Group continued to attend numerous global exhibitions, including the PCI Show for the Payment Card Industry and the IDM (Identity Management) conference in London and the NITEC event in Estonia organised by the NATO Communications & Information Agency. In February 2016, as a means of marketing the differentiating factors of the Group's offering compared with competitor products, Osirium introduced its PAM 2.0 brand using the RSA event in San Francisco as the launch platform.

Building on the Group's reputation with its existing customers, which include blue chip enterprises in the defence and telecommunications industries, Managed Security Service Providers (MSSPs) and the financial services sector, Osirium plans to follow a more aggressive sales and marketing strategy through an increase in the size of its sales force. To this end, the Group has hired three new sales and marketing people since 1 November 2015, with further recruitment expected in this area over the coming months.

As part of its sales and marketing strategy, Osirium will also seek to enhance the profile of the Group's proposition through its PAM 2.0 brand campaign. Osirium has received a positive response from new and existing customers to PAM 2.0 and looks forward to updating shareholders in due course.

The Group also plans to increase growth through cross and up-selling its software range. Identifying opportunities to increase the number of devices used per client and sell more deeply into its existing customers, for example into new operating divisions or geographical locations, will be two key focus areas.

In addition, the Group will seek to expand its presence into new industry sectors such as banking, insurance and critical national infrastructure as well as to develop strategic partnerships with MSSPs, strategic integrators and "The Big 4" accountancy firms. This activity has gathered momentum post the period end and, earlier this month, Osirium announced that it had been appointed as a Vendor Alliance Partner for SailPoint's Identity Governance solution. The Board views the agreement of commercial partnerships with businesses such as SailPoint, acknowledged by Gartner as a leader in identity governance and administration, as strategically important for the Group.

The increased spend on branding and marketing has also continued after the period which, coupled with the Group's admission to AIM, have helped to raise Osirium's profile in the marketplace and generate a strong and growing pipeline of new business opportunities.

#### *Research and development*

Since the Group's admission in April 2016, Osirium has invested in additional research and development resources and doubled the team to accelerate delivery of customer-driven functionality. Recruitment of technical resource also remains on target. Taking into account the new hires made in this area along with the sales and marketing recruitment referred to above, total headcount across the Group is now 23, compared with 15 at 31 October 2015.

Osirium intends to continue expanding its software portfolio in consultation with customers and in response to their feedback. The Group plans to develop additional modules that it will be able to license to customers and to build out the functionality and features of its Privileged Account Management, Privileged Task Management and Privileged Session Recorder modules. Osirium will also continue to develop APIs for technology partnerships and software alliances.

#### *Legislation*

Clearly, any new IT laws, regulations and best practice requirements influences how Privileged cyber-threats are perceived and the value of those solutions which combat such attacks. The General Data Protection Regulation ("GDPR") and the Network and Information Security Directive ("NIS") are the two most recent pieces of European driven legislation, which provide clear directives for organisations and institutions to follow in the event of a cyber-attack.

On 17 May 2016, the European Council adopted the Network and Information Security Directive ("NIS"), which forms a part of the European Commission's EU Cybersecurity Strategy, which will operate alongside its Digital Single Market Initiative. The purpose of NIS will be to increase EU Member State co-operation on cyber-security and to impose new incident reporting requirements on organisations. The Board believes that such legislation will create opportunities for the Company in the global cyber-security marketplace, irrespective of the UK membership of the European Union.

### Current Trading and Outlook

The fundraising has provided the Group with the capital to continue the growth of the business through the building out and development of relationships with existing and new customers alike. We will continue to build momentum and the value of Osirium's cyber-security PAM 2.0 brand which will continue to feature heavily in the Group's marketing campaigns going forward. This will be supported by an increased, experienced team of sales and marketing professionals and further investment in research on product development. Osirium also has three patent applications pending. Subject to grant, the Group believes that these patents will force potential entrants to invest time and money in the development of markedly different software solutions.

The Directors believe that there is a significant opportunity for the Group to take advantage of the thriving cyber-security market to establish a leading position in the Privileged Account security management software vertical. We have started the first six months of the current financial year well with a strong and growing pipeline of new business opportunities and continued progress on achieving our objective of expanding our sector focus. The Group is well placed to continue this success and deliver shareholder value.

**David Guyatt**  
**Chief Executive Officer**  
 21 July 2016

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 Months to 30-Apr-16 (Unaudited) £	6 Months to 30-Apr-15 (Unaudited) £	12 Months to 31-Oct-15 (Audited) £
<b>CONTINUING OPERATIONS</b>			
Revenue	162,243	175,039	290,150
Administrative expenses	(675,366)	(532,492)	(1,137,288)
<b>OPERATING LOSS</b>	<b>(513,123)</b>	<b>(357,453)</b>	<b>(847,138)</b>
Finance costs	-	(15,652)	(9,986)
Finance income	354	72	72
<b>LOSS BEFORE TAX</b>	<b>(512,769)</b>	<b>(373,033)</b>	<b>(857,052)</b>
Income tax credit	-	-	121,046
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF OSIRIUM TECHNOLOGIES PLC</b>	<b>(512,769)</b>	<b>(373,033)</b>	<b>(736,006)</b>

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	6 Months to 30-Apr-16 (Unaudited) £	6 Months to 30-Apr-15 (Unaudited) £	12 Months to 31-Oct-15 (Audited) £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	838,785	801,245	793,256
Property, plant & equipment	27,199	6,976	6,439
<b>CURRENT ASSETS</b>			
Trade and other receivables	109,519	165,990	154,647

Cash and cash equivalents	4,938,673	498,190	273,486
	5,048,192	664,180	428,133
<b>TOTAL ASSETS</b>	<b>5,914,176</b>	<b>1,472,401</b>	<b>1,227,828</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	418,874	404,962	365,041
	418,874	404,962	365,041
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax	163,904	163,904	163,288
	163,904	163,904	163,288
<b>TOTAL LIABILITIES</b>	<b>582,778</b>	<b>568,866</b>	<b>528,329</b>
<b>EQUITY</b>			
<b>SHAREHOLDERS EQUITY</b>			
Called up share capital	103,944	65,482	65,482
Share premium	5,069,063	-	-
Share option reserve	277,805	184,263	240,662
Merger reserve	4,008,592	3,906,054	4,008,592
Retained earnings	(4,128,006)	(3,252,264)	(3,615,237)
<b>TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF OSIRIUM TECHNOLOGIES PLC</b>	<b>5,331,398</b>	<b>903,535</b>	<b>699,499</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,914,176</b>	<b>1,472,401</b>	<b>1,227,828</b>

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up share capital £	Retained earnings £	Share premium £	Merger reserve £	Share option reserve £	Total equity £
<b>Balance at 1 November 2014</b>	65,482	(2,879,231)	-	2,922,100	184,263	292,614
<b>Changes in Equity</b>						
Merger reserve adjustment	-	-	-	983,954	-	983,954
Total comprehensive loss	-	(373,033)	-	-	-	(373,033)
Share option charge	-	-	-	-	-	-
<b>Balance at 30 April 2015</b>	65,482	(3,252,264)	-	3,906,054	184,263	903,535
<b>Balance at 1 November 2014</b>	65,482	(2,879,231)	-	2,922,100	184,263	292,614
<b>Changes in Equity</b>						
Merger reserve adjustment	-	-	-	1,086,492	-	1,086,492
Total comprehensive loss	-	(736,006)	-	-	-	(736,006)
Share option charge	-	-	-	-	56,399	56,399
<b>Balance at 31 October 2015</b>	65,482	(3,615,237)	-	4,008,592	240,662	699,499
<b>Balance at 1 November 2015</b>	65,482	(3,615,237)	-	4,008,592	240,662	699,499
<b>Changes in Equity</b>						
Issue of share capital	38,462	-	5,961,537	-	-	5,999,999
Issue costs	-	-	(892,474)	-	-	(892,474)
Total comprehensive loss	-	(512,769)	-	-	-	(512,769)
Share option charge	-	-	-	-	37,143	37,143
<b>Balance at 30 April 2016</b>	103,944	(4,128,006)	5,069,063	4,008,592	277,805	5,331,398

## CONSOLIDATED STATEMENT OF CASHFLOWS

	6 Months to 30-Apr-16 (Unaudited) £	6 Months to 30-Apr-15 (Unaudited) £	12 Months to 31-Oct-15 (Unaudited) £
<b>Cash flows from operating activities</b>			
Cash generated from operations (note 12)	(309,915)	(9,408)	(257,218)
Interest paid	-	(15,652)	(9,985)
Tax received/(paid)	120,430	-	134,572
Net cash from operating activities	(189,485)	(25,060)	(132,631)
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets	(228,882)	(187,660)	(404,385)
Purchase of tangible fixed assets	(24,325)	-	(2,944)
Interest received	354	72	72
Net cash from investing activities	(252,853)	(187,588)	(407,257)
<b>Cash flows from financing activities</b>			
Loans repaid in period	-	(323,737)	-
Share issue (net of issue costs)	5,107,525	983,954	762,753
Net cash from financing activities	5,107,525	660,217	762,753
<b>Increase/(decrease) in cash and cash equivalents</b>	4,665,187	447,569	222,865
<b>Cash and cash equivalents at beginning of year</b>	273,486	50,621	50,621
<b>Cash and cash equivalents at end of year</b>	4,938,673	498,190	273,486

### 1. GENERAL INFORMATION

Osirium Technologies PLC was incorporated on 3 November 2015, and registered and domiciled in England and Wales with its registered office located at One Central Square, Cardiff CF10 1FS. The principal activity of the Group in the periods under review was that of the development of security software.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Preparation*

The Group financial information is presented in pounds sterling which is the Group's presentational currency and all values are rounded to the nearest whole pound.

The financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information together with the comparative information for the six months ended 30 April 2015 are unaudited with the audited information included for the year ended 31 October 2015.

The financial information was approved by the Board of Directors for issue on 20 July 2016.

#### *Accounting Policies*

The accounting policies used in the preparation of the financial information for the six months ended 30 April 2016 are in accordance with the recognition and measurement criteria of the International Financial Reporting Standards as adopted by the European Union ('IFRS') and are consistent with those which will be adopted in the annual financial statements for the fourteen months ending 31 December 2016.

### *Merger Accounting*

On 6 April 2016 Osirium Technologies PLC acquired Osirium Limited ("Osirium"). This transaction did not meet the definition of a business combination as set out in IFRS 3. It is noted that such transactions are outside the scope of IFRS 3 and there is no other guidance elsewhere in IFRS covering such transactions. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, requires that where IFRS does not include guidance for a particular issue, the Directors may also consider the most recent pronouncement of other standard setting bodies that use a similar conceptual framework to develop accounting standards when developing an appropriate accounting policy. In this regard, it is noted that the UK accounting Standards Board has, in issue, an accounting standard covering business combinations (FRS6) that permits the use of the merger accounting principles for such transactions. The Directors have therefore chosen to adopt these principles and the financial information has been prepared as if Osirium had been owned and controlled by the company throughout the year ended 31 October 2015 and the periods ended 30 April 2015 and 30 April 2016. Accordingly, the assets and liabilities of Osirium have been recognised at their historical carrying amounts, the results for the periods prior to the date the company legally obtained control have been recognised and the financial information and cash flows reflect those of Osirium. The amount recognised in equity is based on the historical carrying amounts recognised by Osirium. However, the share capital balance is adjusted to reflect the equity structure of the outstanding share capital of the Company, and any corresponding differences are reflected as an adjustment to a merger reserve.

### *Going Concern*

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Going Concern and Liquidity Risk Guidance for UK Companies 2009".

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of Interim Report. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the Directors are confident that the group has sufficient working capital to honour all of its obligations to creditors as and when they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing the Interim Statement.

### *Intangible Assets*

An Internally-generated, development intangible asset arising from Osirium's product development is recognised if, and only if, Osirium can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated development intangible assets are amortised on a straight-line basis over their useful lives. Amortisation commences in the financial year of capitalisation. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Development costs 20% per annum, straight line

### Share-based Payments

Osirium issues equity-settled share-based payments to certain employees and others under which Osirium receives services as consideration for equity instruments (options) in Osirium. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense in Osirium's Statement of Comprehensive Income over the vesting period on a straight-line basis, based on Osirium's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the options at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

When the options are exercised Osirium issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

### 3. INTANGIBLE FIXED ASSETS

	Development Costs £
<b>Cost or valuations:</b>	
At 1 November 2014	1,906,186
Additions to 30 April 2015	187,660
Cost c/f as at 30 April 2015	2,093,846
<b>At 1 November 2014</b>	1,906,186
Additions to 31 October 2015	404,385
Cost c/f as at 31 October 2015	2,310,571
<b>At 1 November 2015</b>	2,310,571
Additions to 30 April 2016	228,882
Cost c/f as at 30 April 2016	2,539,453
Amortisation:	
<b>At 1 November 2014</b>	1,110,473
charge to 30 April 2015	182,128
Amortisation c/f as at 30 April 2015	1,292,601
<b>At 1 November 2014</b>	1,110,473
Charge to 31 October 2015	406,842
Amortisation as at 31 October 2015	1,517,315
<b>At November 2015</b>	1,517,315
Charge to 30 April 2016	183,353
Amortisation as at 30 April 2016	1,700,668
<b>Carrying Amount:</b>	
At 30 April 2015	801,245
At 31 October 2015	793,256
At 30 April 2016	838,785

All development costs are amortised over their estimated useful lives, which is on average 5 years. Amortisation is charged in full in the financial year of capitalisation.

All amortisation has been charged to administrative expenses in the statement of comprehensive income and total comprehensive loss.

#### 4. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	6 months ended 30-Apr-16 £	6 months ended 30-Apr-15 £	Year ended 31-Oct-15 £
Loss before income tax	(512,769)	(373,033)	(857,052)
Depreciation charges	3,569	2,545	6,025
Amortisation charges	183,353	182,128	406,843
Share option reserve	37,143	-	56,399
Finance costs	-	15,652	9,986
Finance income	(354)	(72)	(72)
	(289,058)	(172,780)	(377,871)
(Increase)/decrease in trade and other receivables	(81,029)	52,619	49,813
Increase/(decrease) in trade and other payables	60,172	110,753	70,842
Cash generated from operations	(309,915)	(9,408)	(257,216)

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

This information is provided by RNS  
The company news service from the London Stock Exchange

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