

INTERIM RESULTS

25 SEPTEMBER 2018

 **SIRIUM**

Interim Results

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

Osirium Technologies plc (AIM: OSI.L), a leading vendor of cloud-based cybersecurity software, today announces its unaudited interim results for the six months ended 30 June 2018.

Financial highlights

- Total revenue of £466,333 (H1'2017: £261,600) up 78% YoY, comprising:
 - SaaS revenue of £387,441 (H1'2017: £207,433) an increase of 87%
 - Professional Services revenue of £78,892 (H1'2017: £54,167), up 46%
- Record total bookings of £608,227 (H1'2017: £445,169) increase of 37%
- Operating loss stable and in line with managements' expectations at £1,363,731 (H1'2017: £1,184,282) despite increased investment in sales and marketing as well as additional headcount in the R&D and Customer Support teams
- Successful placing raising £4.2 million in March 2018, with existing and new shareholders
- Cash and cash equivalents at 30 June 2018 of £3,337,242 (H1' 2017: £2,015,948)

Operational highlights

- Continued strong performance with:
 - Contract wins with a global online fashion retailer and post period end, a major UK high street retailer
 - Accelerating traction within the NHS: two new contract wins with the Norfolk and Norwich NHS and Great Western NHS and a growing pipeline of similar NHS prospects
 - Renewal of largest customer, a leading global asset management company, for a further 12 months. Additional device licenses and professional services sales projected for H2
 - Largest international contract renewal to date with one of the leading telecommunications companies in the Middle East. Additional device licence deployments scheduled in H2
 - Thirteen POCs confirmed in H1, largely driven by the launch of the new free PxM Express offering
- Continued investment in the business:
 - Release of PxM Platform for Microsoft Azure and Amazon Web Services
 - Investment in Established Strategic Technology Partnership with RazorSecure to deliver cybersecurity solutions for the Critical Infrastructure, Transport and Industrial IOT markets (post period end)
 - Doubled the number of UK partners signed up to the Partner Programme to twelve, adding new partners including Avari, Smart Solutions, Threat Protect and Sep2
 - Executed training and joint marketing exercises beyond the UK with Adyton (Germany, Austria and Switzerland) and Spectrami (Middle East) to boost local lead generation for H2
 - Senior management team strengthened with appointment of Chris Heslop as Marketing Director

David Guyatt, Chief Executive Officer, commented:

"We are pleased with the Group's progress, both operationally and financially during the period as demonstrated by our new customer wins and renewal contracts. Osirium has a unique proposition and is building an increasingly strong pipeline of opportunities across a broad range of corporate sectors. The funds raised in March 2018 enables the Group to invest further in our sales, marketing, R&D and engineering teams to ensure Osirium's leadership momentum continues and we are beginning to see the first fruits of this investment come through.

The consolidation we are seeing in the market, with the acquisition by cybersecurity vendors of complementary technology businesses, illustrates increasing awareness of PAM and the market opportunity. In turn, this is underlined by the focus given by many organisations to GDPR and Gartner's recognition of PAM - both with its listing of PAM as the number one priority security project for 2018 and the launch of a PAM-specific Magic Quadrant survey.

The Group already has an exceptional reputation with its existing customers, which include small and medium-sized enterprises, as well as an increasing number of blue-chip enterprises in defence, telecommunications, retail and the financial services sector, and Osirium plans to continue expanding into new high growth sectors.

Trading since the period end has continued to be encouraging and we are confident that Osirium will continue to build momentum and deliver significant future progress."

Ends

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Notes to Editors:

About Osirium

Osirium Technologies plc (AIM: OSI.L) operates in one of the fastest growing parts of the cybersecurity market and is a leading vendor of Privileged Access Management ("PAM") software. Osirium's cloud-based products protect critical IT assets, infrastructure 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 what the Directors view as the next generation PAM solution. The team has developed the concept of a Virtual Air Gap to separate users from passwords. Built on Robotic Automation technology, Osirium's Privileged Task Management module further strengthens Privileged Account security by minimising the cyber-attack surface and delivering an 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

Chief Executive's review

Introduction

We have continued to take the business forward during the first half of 2018 as the Group builds sales momentum. In the period under review, revenue was up 78% YoY from £261,600 to £466,333, while bookings were up 37% to £608,227 for the six months to 30 June 2018, compared with £445,169 for the same period in 2017.

The quality and visibility of the Group's pipeline continues to increase driven by new customer wins and significant upsells and renewals during the period. A contract win was secured with a major online retailer, with a further order confirmed since the period end with one of the UK's largest clothing and homeware retailers. Building on earlier wins in the healthcare sector, the Group was awarded further contracts at Norfolk and Norwich NHS and Great Western NHS. Osirium's largest customer, a leading global asset management company, renewed for a further 12 months, as did the Group's largest international customer to date, one of the leading telecommunications companies headquartered in the Middle East.

Osirium has established itself further with its unique proposition and is building an increasingly strong pipeline of opportunities across a broad range of corporate sectors. In parallel, the Group has grown the number of POCs, a critical KPI, to a record number of thirteen by the mid-year. The funds raised in March 2018 have provided the Group with capital to invest further in our sales, marketing, R&D and engineering teams to ensure Osirium's momentum continues and we have seen the first fruits of this investment in recent contract wins.

Demand for the Osirium solution is being fuelled by a number of factors. Awareness of GDPR, the EU NIS Directive, and the need to demonstrate rigorous compliance has continued to grow. This has been matched by an increased recognition of the need to address PAM as an increasingly prominent and fast-growing element of cybersecurity. In combination these phenomena are providing fertile ground on which the Group can engage with new prospects, bring on board additional reseller partners, and carry out new product releases with additional functionality.

As the Group continues to innovate around the areas where we differentiate, the combined team at Osirium of employees, Non-Executive Directors and key associates is now nearing the fifty mark, providing strong operational and technical expertise to underpin our future growth.

Financial summary

Revenue was £466,333 compared with £261,600 in the same period of 2017. Bookings were up 37% to £608,227 for the six months to 30 June 2018 from £445,169 for the same period in 2017.

Osirium's loss before tax for the six months to 30 June 2018 was £1,363,163, compared with a loss of £1,181,897 for the six months to 30 June 2017.

As at 30 June 2018, the Group had cash balances of £3,337,242 (30 June 2017: £2,015,948).

The Group continued to increase its investment in research and development during the period, with £588,794 capitalised in the six month period to 30 June 2018 (six month period to 30 June 2017: £545,208), an increase of 8%, demonstrating consistent investment, which has been focussed on refining and further developing our next generation PAM proposition and working to meet new and prospective clients' expectations. The Group expects SaaS revenues to increase further during the remainder of 2018 and, with the addition of extra consultancy resource, increased service revenues are also being targeted.

Business review

Strategy and market

In the first half of this year the Group has seen increasing active signs of market consolidation as security vendors recognize PAM as a critical part of enterprise security. The nature and frequency of this consolidation (examples include Francisco Partners acquiring Bomgar, Bomgar acquiring Avecto, Lieberman and BeyondTrust, One Identity acquiring Balabit, Okta acquiring ScaleFT) underline both the significance of Privileged Accounts in an overall customer security strategy and the importance of the role played by PAM solution suppliers.

This has been given further market validation by Gartner, initially by its listing PAM as the number one consideration in a priority top ten list of security projects for 2018, and then additionally by launching a Gartner Magic Quadrant programme for the second half of 2018.

Both the consolidation of security vendors and the raised profile of PAM has helped drive a more exact understanding of the complementary nature of Identity Access Management (IAM) offerings and PAM solutions.

To maximise the resulting opportunities, Osirium has continued to expand its operational sales, marketing and support capabilities while maintaining its focus on innovation and development. In line with the market's increasing recognition of PAM as core to a comprehensive security strategy, the Group has been developing a sales and marketing model that enables Osirium to rapidly qualify and progress sales opportunities through a parallel direct sales-led approach and a partner-led model.

Customers and marketing

Regional partnerships are now in place with trusted distribution partners including Progress Distribution in the UK with a view to extending reach in the UK with the appointment of a complementary distribution partnership. With Spectrami covering the Middle East and Adyton establishing a 'bridge-head' into Germany, Austria and Switzerland, the Group has doubled the number of UK partners signed up to the Partner programme to twelve with additions including Avari, Smart Solutions, Threat Protect and Sep2.

Osirium's distribution and growing reseller community are looking for technologies to drive new revenue opportunities within their businesses, and the Group expects these resellers to refer their clients to Osirium's PAM solution in response.

At the same time, the Group has developed its ability to engage with, retain and expand our business with existing customers as part of Osirium's 'Land and Expand' strategy. The fortnightly internal Technical

Stakeholder Meetings, where Consultants, Product Management and Engineering review feedback, requests and ideas from customers for new functionality, provides a forum to understand in detail the value customers uniquely derive from Osirium, as well as providing opportunities to expand our sales to these accounts.

Osirium has also strengthened its senior management team with the addition of Chris Heslop as an experienced Marketing Director. Chris previously held senior management positions in information security with the MIMESweeper business and PolicyMatter at key stages in their growth, driving effective programmes for international customer acquisition, channel expansion, technology partnerships and brand development. More recently he held senior positions in Field Marketing for the supply chain software solutions business of Vocollect Inc. and Honeywell Inc.

Working in close alignment with Sales, the Marketing team is now engaged in a series of lead generation and awareness building programmes, including participation at the forthcoming IP Expo and e-crime events in the UK, and targeted telemarketing campaigns in Germany and the Middle East.

Looking ahead, Osirium sees scope to strengthen its market position through technology partnerships. For some time the Group has run a 'Works Well With' programme that lists and details the innovations from complementary technologies that we integrate with. Osirium now plans to take this to the next level with effective joint marketing exercises with technology partners that present powerful propositions addressing customer challenges and feature Osirium at their core. As an example, we have recently announced a Strategic Technology Partnership with RazorSecure, whereby for Critical Infrastructure, Transport and Industrial IOT markets the two vendors provide complementary parts of the security story. RazorSecure monitors what is happening at the process level, while Osirium defines who can access what, when and where at the login and task level.

Research and development

In the first half of the year the engineering team continued the Group's strategy of issuing product releases with new or enhanced functionality that further add value to customer Privileged Access and Privileged Task Automation deployments.

Recent releases include enhancements allowing customers to map Two Factor Authentication onto devices that do not have or cannot support this capability. The Group released improvements enabling us to support a wider range of legacy applications, which has particular value for IOT or CNI (Critical National Infrastructure) environments. Additional capabilities allow customers to benefit from more secure encryption and enable them to carry out predictive system and human behaviour risk analytics.

During the period under review Osirium progressed the Group's three PAM-related patents and started on a further two. A key focus of the Group's longer-term research has centred on our expertise in Privileged Task Automation. Having seen the need for securing the inherently insecure world of DevOps, the Group's OPUS R&D project is designed to deliver our next generation Robotic Process Automation engine and address the evolving needs of DevSecOps, including the ability to cope with multiple devices and tasks that need to ask questions and make decisions 'in-flight'.

Summary and outlook

We are pleased with the Group's progress, both operationally and financially during the period as demonstrated by our new customer wins and renewal contracts. Osirium has a unique proposition and is building an increasingly strong pipeline of opportunities across a broad range of corporate sectors. The funds raised in March 2018 enables the Group to invest further in our sales, marketing, R&D and engineering teams to ensure Osirium's leadership momentum continues and we are beginning to see the first fruits of this investment come through.

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underlined by the focus given by many organisations to GDPR and Gartner's recognition of PAM - both with its listing of PAM as the number one priority security project for 2018 and the launch of a PAM-specific Magic Quadrant survey.

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Trading since the period end has continued to be encouraging and we are confident that Osirium will continue to build momentum and deliver significant future progress.

David Guyatt
Chief Executive Officer
 25 September 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 30-Jun-18 (Unaudited) £	6 months to 30-Jun-17 (Unaudited) £	Year to 31-Dec-17 (Audited) £
CONTINUING OPERATIONS			
Revenue	466,333	261,600	647,580
Administrative expenses	(1,830,064)	(1,445,882)	(2,944,394)
OPERATING LOSS	(1,363,731)	(1,184,282)	(2,296,814)
Finance costs	(280)	(225)	-
Finance income	848	2,610	4,190
LOSS BEFORE TAX	(1,363,163)	(1,181,897)	(2,292,624)
Income tax credit	205,000	175,000	409,421
LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF OSIRIUM TECHNOLOGIES PLC	(1,158,163)	(1,006,897)	(1,883,203)
Loss per share from continuing operations:	9p	11p	18p
Basic and diluted loss per share			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Jun-18 (Unaudited) £	30-Jun-17 (Unaudited) £	31-Dec-17 (Audited) £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1,967,522	1,415,299	1,731,856
Property, plant & equipment	71,080	81,972	80,168
CURRENT ASSETS			
Trade and other receivables	1,186,613	772,489	622,618
Cash and cash equivalents	3,337,242	2,015,948	1,023,811
	4,523,855	2,788,437	1,646,429
TOTAL ASSETS	6,562,457	4,285,708	3,458,453
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	1,128,369	808,683	857,734
	1,128,369	808,683	857,734
TOTAL LIABILITIES	1,128,369	808,683	857,734
EQUITY			
SHAREHOLDERS EQUITY			
Called up share capital	135,542	103,944	103,944
Share premium	8,968,553	5,008,619	5,008,619
Share option reserve	337,559	337,559	337,559
Merger reserve	4,008,592	4,008,592	4,008,592
Retained earnings	(8,016,158)	(5,981,689)	(6,857,995)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF OSRIRIUM TECHNOLOGIES PLC	5,434,088	3,477,025	2,600,719
TOTAL EQUITY AND LIABILITIES	6,562,457	4,285,708	3,458,453

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
attributable to the owners of Osirium Technologies plc

	Called up share capital £	Retained earnings £	Share premium £	Merger reserve £	Share option reserve £	Total equity £
Balance at 1 January 2017	103,944	(4,974,792)	5,008,619	4,008,592	337,559	4,483,922
Changes in equity						
Total comprehensive loss	-	(1,006,897)	-	-	-	(1,006,897)
Balance at 30 June 2017 (unaudited)	103,944	(5,981,689)	5,008,619	4,008,592	337,559	3,477,025
Balance at 1 January 2017	103,944	(4,974,792)	5,008,619	4,008,592	337,559	4,483,922
Total comprehensive loss	-	(1,883,203)	-	-	-	(1,883,203)
Balance at 31 December 2017 (audited)	103,944	(6,857,995)	5,008,619	4,008,592	337,559	2,600,719
Balance at 1 January 2018	103,944	(6,857,995)	5,008,619	4,008,592	337,559	2,600,719
Changes in equity						
Total comprehensive loss	-	(1,158,163)	-	-	-	(1,158,163)
Issue of share capital	31,598	-	4,202,609	-	-	4,234,207
Issue costs	-	-	(242,675)	-	-	(242,675)
Balance at 30 June 2018 (unaudited)	135,542	(8,016,158)	8,968,553	4,008,592	337,559	5,434,088

CONSOLIDATED STATEMENT OF CASHFLOWS

	6 months ended 30-Jun-18 (unaudited) £	6 months ended 30-Jun-17 (unaudited) £	Year Ended 31-Dec-17 (audited) £
Cashflows from operating activities			
Cash used in operations	(1,078,837)	(963,346)	(1,523,979)
Interest paid	(280)	(225)	-
Tax received	-	-	291,421
Net cash used in operating activities	(1,079,117)	(963,571)	(1,232,558)
Cash flows from investing activities			
Purchase of intangible fixed assets	(588,794)	(545,208)	(1,254,268)
Purchase of tangible fixed assets	(11,038)	(50,677)	(66,347)
Interest received	848	2,610	4,190
Net cash used in investing activities	(598,984)	(593,275)	(1,316,425)
Cashflows from financing activities			
Share issue (net of issue costs)	3,991,532	-	-
Net cash from financing activities	3,991,532	-	-
Increase/(decrease) in cash and cash equivalents	2,313,431	(1,556,846)	(2,548,983)
Cash and cash equivalents at beginning of period	1,023,811	3,572,794	3,572,794
Cash and cash equivalents at end of period	3,337,242	2,015,948	1,023,811

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.

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 435 of the Companies Act 2006. The financial information together with the comparative information for the six months ended 30 June 2017 are unaudited with the audited information included for the 12 month period ended 31 December 2017. The audited information received an audit report which was unqualified and did not include a statement under section 498(2) or section 498(3) of the Companies Act 2006.

The financial information was approved by the Board of Directors on 24 September 2018 and authorised for issue on 25 September 2018.

Accounting Policies

The accounting policies used in the preparation of the financial information for the six months ended 30 June 2018 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 year ending 31 December 2018.

These Interim Financial Statements have been prepared in accordance with the accounting policies, methods of computation and presentation adopted in the financial statements for the year ended 31 December 2017, except for; IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers', effective 1 January 2018.

The Directors have considered all new, revised or amended standards and interpretations which are mandatory for the first time for the financial year ending 31 December 2018, and concluded that none have had any significant impact on these interim financial statements. New, revised or amended standards and interpretations that are not yet effective have not been adopted early.

Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (2016)".

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the Interim Statement. 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.

INTANGIBLE FIXED ASSETS

	Development Costs £
Cost	
At 1 January 2017	3,226,047
Additions to 30 June 2017	545,208
Cost c/f as at 30 June 2017	3,771,255
At 1 January 2017	3,226,047
Additions to 31 December 2017	1,254,268
Cost c/f as at 31 December 2017	4,480,315
At 1 January 2018	4,480,315
Additions to 30 June 2018	588,797
Cost c/f as at 30 June 2018	5,069,112
Amortisation	
At 1 January 2017	2,091,597
Charge to 30 June 2017	264,359
Amortisation c/f as at 30 June 2017	2,355,956
At 1 January 2017	2,091,597
Charge to 31 December 2017	656,862
Amortisation c/f as at 31 December 2017	2,748,459
At January 2018	2,748,459
Charge to 30 June 2018	353,131
Amortisation as at 30 June 2018	3,101,590
Carrying Amount:	
At 30 June 2017 (unaudited)	1,415,299
At 31 December 2017 (audited)	1,731,856
At 30 June 2018 (unaudited)	1,967,522

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 the administrative expenses in the statement of comprehensive income and total comprehensive loss.

RECONCILIATION OF LOSS BEFORE ANY INCOME TAX TO CASH GENERATED FROM OPERATIONS

	6 months Ended 30-Jun-18 (unaudited) £	6 months ended 30-Jun-17 (unaudited) £	Year ended 31/12/17 (audited) £
Loss before income tax	(1,363,163)	(1,181,897)	(2,292,624)
Depreciation charges	20,068	13,019	30,494
Amortisation charges	353,131	264,361	656,862
Finance costs	280	225	-
Finance income	(848)	(2,610)	(4,190)
	(990,532)	(906,902)	(1,609,458)
Increase in trade and other receivables	(358,994)	(216,597)	(123,725)
Increase in trade and other payables	270,689	160,153	209,204
Cash used in operations	(1,078,837)	(963,346)	(1,523,979)

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