

Interim Results

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For immediate release

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

Osirium Technologies plc (AIM: OSI.L), a UK headquartered cyber-security Software-as-a-Service ("SaaS") provider, today announces its unaudited interim results for the six months ended 30 June 2017. The results reflect a period in which strong progress has been made and sales momentum with existing and new customers has increased, driven by the investment in its sales, marketing and channel engagement strategy.

Operational highlights

- Strong progress made building sales momentum with existing and new customers in the UK and abroad, demonstrated by invoiced sales up 393% and total revenues up 59% YoY
- 8 new blue chip customers across several new industry verticals
- 6 upsells and renewals reflecting high customer retention and increasing awareness of PAM
- Largest contract win to date with a leading global asset management company renewed for a further 12 months, with the project progressing according to plan
- Senior sales and marketing team in place and Business Development Directors appointed in Middle East and Asia Pacific region and Germany
- Signed distribution and reselling agreements with multiple channel partners globally including Distology (UK), ectacom (Germany, Austria, Switzerland & Poland), Spectrami (Middle East), CHJ Technologies (Singapore) and EB2BCOM (Singapore & Australia)
- Osirium named as a 'Cool Vendor' by Gartner for Identity & Fraud Management

Financial highlights

- Total bookings of £445,169 (H1'2016: £90,367) increase of 393%
- Total Revenue of £261,600 (H1'2016: £164,501) up 59% YoY, comprising:
 - SaaS Revenue of £207,433 (H1'2016: £160,501) an increase of 29%
 - Professional Services Revenue of £54,167 (H1'2016: £4,000), driven by strong SaaS revenues
- Operating loss of £1,344,268 (H1'2016: £518,396), given increased investment in sales and marketing following AIM IPO in 2016 to drive bookings and future revenue
- Cash and cash equivalents at 30 June 2017 of £2,015,948 (H1' 2016: £4,518,173)

David Guyatt, Chief Executive Officer, commented:

"During 2017, there has been a continuation of high profile data breaches and preparation for the onset of General Data Protection Regulation (GDPR) from May 2018. Osirium, as a leading provider of Privileged Access Management software, is well positioned to help our clients protect their organisations against breaches that have penetrated their perimeter wall across both local and cloud-based infrastructure, including against internal threats. Furthermore, we are seeing increased interest with GDPR as the market increasingly acknowledges that data security requires privileged security.

We are pleased with our progress, both operationally and financially, during the period as demonstrated by our new customer wins and renewal contracts.

Since becoming a public company, our corporate profile has also increased considerably and we have seen a growing and positive recognition of Osirium's innovative approach, culminating in our being named as a 'Cool Vendor' by Gartner, the leading independent IT research firm.

Our primary operational focus will be to continue to develop new technology for our Next Generation PAM solution and drive growth within our UK and global distribution network by expanding our sales and marketing commitments through our channel and direct sales capabilities.

This global footprint will enable the Group to take advantage of the opportunities in the growing international cyber-security market. Osirium continues to execute a proactive sales and marketing strategy, raising its brand profile in the marketplace, continuing to grow our customer base and investing in the continued research and development of our software modules.

Osirium's simple to use and easy to deploy technology, combined with our strengthened team and global partnerships, provides a strong platform for future growth."

- Ends -

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Notes to Editors:**About Osirium**

Osirium Technologies plc (AIM: OSI.L), is a UK headquartered cyber-security Software-as-a-Service ("SaaS") 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 what the Directors view as the next generation PAM (Privileged Access 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

Chief Executive's Review**Introduction**

We have made strong progress during the first half of 2017 and are pleased to see the sales momentum continuing to build.

Our transition to a channel-based go-to-market strategy has opened up new customer prospects in key market sectors including Financial Services, Managed Security Service Providers ("MSSPs"), Government, Critical National Infrastructure and Insurance.

Evidence of our progress in this regard can be seen by the fact that bookings were up 393% to £445,169 for the six months to 30 June 2017, compared to £90,367 for the same period in 2016 with revenue up 59% YoY from £164,501 to £262,600.

As a result, the Group has also witnessed a significant increase in the quality and visibility of its pipeline, which has been driven over the period by new contract wins and renewal orders from existing customers, with many expanding the use of Osirium's product suite.

Financial summary

Revenue was £261,600 compared with £164,501 in the same period of 2016, however bookings were up 393% to £445,169 for the six months to 30 June 2017 from £90,367 for the same period in 2016.

Osirium's loss before tax for the six months to 30 June 2017 was £1,341,883, compared with a loss of £515,282 for the six months to 30 June 2016.

As at 30 June 2017, the Group had cash balances of £2,015,948 (2016: £4,518,173).

The Group continued to increase its investment in research and development during the period, with £545,208 capitalised in the period (2016: £392,347), an increase of 39%, which has been focussed on refining and further developing our next generation Privileged Account Management (PAM) proposition and working to meet new and prospective clients' expectations. The Group expects SaaS revenues to increase further during the remainder 2017 and, with the addition of extra consultancy resource, increased service revenues are also being targeted.

Business Review**Strategy and market**

The Privileged Access Management (PAM) market is growing strongly. The increasing dependency of companies and governments on web applications is leading to an unprecedented rise in cyber-attacks and advanced threats.

Market forecasts conducted by analyst firm Gartner report cybersecurity spending is expected to grow by 7% to a total of \$86.4 billion in 2017. Gartner also predict the PAM market is set for continued growth at a CAGR of 22%, as companies concentrate on implementing robust security policies and shrinking their internal cyber-attack surface looking to reduce the risk posed by third, and even fourth parties, who can be granted access to a company's systems thereby exposing them to potential risks.

As part of the on-going recognition of the Osirium brand across all markets, the Group was recently awarded the 2017 Cool Vendor Award by Gartner amongst other cyber-security and risk management vendors for being at the forefront of technological innovation.

Customers and marketing

Osirium has substantially achieved the targets it set at IPO, including strengthening the senior management team with the appointments of Stephen Roberts as Marketing Director and Tim Ager as Sales Director and building a UK and global distribution channel to access the growing number of potential mid-market accounts.

In February 2017, Duncan Fiskien was appointed Business Development Director for the Middle East North Africa region (MENA) followed shortly by the Group signing a distribution agreement with Spectrami in the MENA region. Spectrami is a Dubai-based value added distributor in the MENA region which is armed with an innovative approach to channel empowerment through knowledge sharing and skill building in the cyber market.

In March 2017, the Group announced that its market leading PAM product is now available in the Asia Pacific region (APAC). Hugh Sunderland and Mike Stephens were appointed as Business Development partners for the region. Regional partner EB2BCOM has recently been signed to take the Osirium platform into Australia and to its existing customer base in Singapore. In addition, Distology, a value-added distributor in the UK IT security field, was appointed to strengthen Osirium's UK channel distribution presence. Riko Andreas Schick was also appointed as Business Development Director for German, Austrian, Swiss and Polish regions. Riko joins Osirium with extensive experience developing businesses in the global cyber-security market space.

In May 2017, the Group appointed a Business Development Director in Germany to address the opportunity in this significant market and subsequently appointed ectacom, GmbH as its DACH (Germany, Austria and Switzerland) and Poland regional distribution partner.

With a significant investment in the new www.osirium.com website earlier in the year, the goal has been set to attract and drive new prospects to a platform that now reflects the global ambitions of Osirium, with separate but integrated websites now in place to cover the Middle-East, APAC and a local language site to support the DACH region. The reach of this new digital presence has been extended to portray the truly global presence but offering a local connection wherever Osirium does business.

Osirium will continue to raise brand awareness by being visible where prospects are looking for solutions to solve critical business issues. A program of high profile event activities will continue and extended to reach prospects across the global footprint including GITEX Technology Week Conference in Dubai, it-sa, Europe's largest expo for IT security in Germany, and IP Expo in London during October 2017.

As PAM Cyber Protection moves from being a technology only considered by large corporations to a "must-have" solution for mid-sized companies as a variety of regulatory compliance standards are helping to drive mainstream and mid-market adoption. Now, companies with 200 to 2,000 employees are looking at PAM as a way to protect their internal and external layers of security, and this continues to present a significant and immediately actionable opportunity.

Finally, we are pleased to announce that the first six months of the current financial year have included several new customer wins - one of the world's largest insurance companies, our first sale into a critical national infrastructure business and a Middle Eastern mobile technology provider.

Research and development

When looking at Innovation Leadership, our continued investment in the product remains strong with the latest iteration of the Osirium Platform being recognised by analysts KuppingerCole in their June Leadership Compass Report.

The Osirium platform performed strongly positioned alongside larger competitors in the Innovation Leaders segment due to its breadth of capability.

The Group has four pending patent applications for inventions related to Osirium's PAM technology.

Summary and Outlook

"During 2017, there has been a continuation of high profile data breaches and preparation for the onset of General Data Protection Regulation (GDPR) from May 2018. Osirium, as a leading provider of Privileged Access Management software, is well positioned to help our clients protect their organisations against breaches that have penetrated their perimeter wall across both local and cloud-based infrastructure, including against internal threats. Furthermore, we are seeing increased interest with GDPR as the market increasingly acknowledges that data security requires privileged security.

We are pleased with our progress, both operationally and financially, during the period as demonstrated by our new customer wins and renewal contracts.

Since becoming a public company, our corporate profile has also increased considerably and we have seen a growing and positive recognition of Osirium's innovative approach, culminating in our being named as a 'Cool Vendor' by Gartner, the leading independent IT research firm.

Our primary operational focus will be to continue to develop new technology for our Next Generation PAM solution and drive growth within our UK and global distribution network by expanding our sales and marketing commitments through our channel and direct sales capabilities.

This global footprint will enable the Group to take advantage of the opportunities in the growing international cyber-security market. Osirium continues to execute a proactive sales and marketing strategy, raising its brand profile in the marketplace, continuing to grow our customer base and investing in the continued research and development of our software modules.

Osirium's simple to use and easy to deploy technology, combined with our strengthened team and global partnerships, provides a strong platform for future growth."

David Guyatt
Chief Executive Officer
25 September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 30-Jun-17 (Unaudited) £	6 months to 30-Jun-16 (Unaudited) £	14 months to 31-Dec-16 (Audited) £
CONTINUING OPERATIONS			
Revenue	261,600	164,501	477,577
Administrative expenses	(1,605,868)	(682,897)	(2,300,074)
OPERATING LOSS	(1,344,268)	(518,396)	(1,822,497)
Finance costs	(225)	(168)	-
Finance income	2,610	3,282	9,654
LOSS BEFORE TAX	(1,341,883)	(515,282)	(1,812,843)

Income tax credit	175,000	163,288	453,288
LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF OSIRIUM TECHNOLOGIES PLC	(1,166,883)	(351,994)	(1,359,555)
Loss per share from continuing operations:	(11p)	(3p)	(13p)
Basic and diluted loss per share			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Jun-17 (Unaudited) £	30-Jun-16 (Unaudited) £	31-Dec-16 (Audited) £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1,415,299	988,225	1,134,452
Property, plant & equipment	81,972	31,222	44,315
CURRENT ASSETS			
Trade and other receivables	772,489	149,153	380,891
Cash and cash equivalents	2,015,948	4,518,173	3,572,794
	2,788,437	4,667,326	3,953,685
TOTAL ASSETS	4,285,708	5,686,773	5,132,452
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	808,683	411,204	648,530
	808,683	411,204	648,530
TOTAL LIABILITIES	808,683	411,204	648,530
EQUITY			
SHAREHOLDERS EQUITY			
Called up share capital	103,944	103,944	103,944
Share premium	5,008,619	5,008,619	5,008,619
Share option reserve	497,545	296,031	337,559
Merger reserve	4,008,592	4,008,592	4,008,592
Retained earnings	(6,141,675)	(4,141,617)	(4,974,792)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF OSIRIUM TECHNOLOGIES PLC	3,477,025	5,275,569	4,483,922
TOTAL EQUITY AND LIABILITIES	4,285,708	5,686,773	5,132,452

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 2016	65,482	(3,789,623)	-	4,008,592	254,504	538,955
Changes in equity						
Issue of share capital	38,462	-	5,961,537	-	-	5,999,999
Issue costs	-	-	(952,918)	-	-	(952,918)
Total comprehensive loss	-	(351,994)	-	-	-	(351,994)
Share option charge	-	-	-	-	41,527	41,527
Balance at 30 June 2016 (unaudited)	103,944	(4,141,617)	5,008,619	4,008,592	296,031	5,275,569

Balance at 1 November 2015	65,482	(3,615,237)	-	4,008,592	240,662	699,499
Issue of share capital	38,462	-	5,961,537	-	-	5,999,999
Issue costs	-	-	(952,918)	-	-	(952,918)
Total comprehensive loss	-	(1,359,555)	-	-	-	(1,359,555)
Share option charge	-	-	-	-	96,897	96,897
Balance at 31 December 2016 (audited)	<u>103,944</u>	<u>(4,974,792)</u>	<u>5,008,619</u>	<u>4,008,592</u>	<u>337,559</u>	<u>4,483,922</u>
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	-	(1,166,883)	-	-	-	(1,166,883)
Share option charge	-	-	-	-	159,986	159,986
Balance at 30 June 2017 (unaudited)	<u>103,944</u>	<u>(6,141,675)</u>	<u>5,008,619</u>	<u>4,008,592</u>	<u>497,545</u>	<u>3,477,025</u>

CONSOLIDATED STATEMENT OF CASHFLOWS

	6 months ended 30-Jun-17 (unaudited) £	6 months ended 30-Jun-16 (unaudited) £	14 months ended 31-Dec-16 (audited) £
Cashflows from operating activities			
Cash used in operations	(963,346)	(317,495)	(909,873)
Interest paid	(225)	(168)	-
Tax received	-	-	120,430
Net cash used in operating activities	<u>(963,571)</u>	<u>(317,663)</u>	<u>(789,443)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets	(545,208)	(392,347)	(915,476)
Purchase of tangible fixed assets	(50,677)	(29,164)	(52,508)
Interest received	2,610	3,282	9,654
Net cash used in investing activities	<u>(593,275)</u>	<u>(418,229)</u>	<u>(958,330)</u>
Cashflows from financing activities			
Share issue (net of issue costs)	-	5,047,081	5,047,081
Net cash from financing activities	<u>-</u>	<u>5,047,081</u>	<u>5,047,081</u>
Increase/(decrease) in cash and cash equivalents	(1,556,846)	4,311,189	3,299,308
Cash and cash equivalents at beginning of period	3,572,794	206,984	273,486
Cash and cash equivalents at end of period	<u>2,015,948</u>	<u>4,518,173</u>	<u>3,572,794</u>

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 2016 are unaudited with the audited information included for the 14 month period ended 31 December 2016. 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 and authorised for issue on 22 September 2017.

Accounting Policies

The accounting policies used in the preparation of the financial information for the six months ended 30 June 2017 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 2017.

Merger Accounting

On 6 April 2016 Osirium Technologies PLC acquired Osirium Limited ("Osirium Ltd"). 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 Ltd had been owned and controlled by Osirium Technologies PLC throughout the 14 months ended 31 December 2016 and the periods ended 30 June 2016 and 30 June 2017. 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 Ltd. The amount recognised in equity is based on the historical carrying amounts recognised by Osirium Ltd. However, the share capital balance is adjusted to reflect the equity structure of the outstanding share capital of Osirium Technologies PLC 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 "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 probably 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 2016	2,441,353
Additions to 30 June 2016	<u>392,347</u>
Cost c/f as at 30 June 2016	<u><u>2,833,700</u></u>
At 1 November 2015	2,310,571
Additions to 31 December 2016	<u>915,476</u>
Cost c/f as at 31 December 2016	<u><u>3,226,047</u></u>
At 1 January 2017	3,226,047
Additions to 30 June 2017	<u>545,208</u>
Cost c/f as at 30 June 2017	<u><u>3,771,255</u></u>

Amortisation

At 1 January 2016	1,599,355
Charge to 30 June 2016	<u>246,120</u>
Amortisation c/f as at 30 June 2016	<u><u>1,845,475</u></u>
At 1 November 2015	1,517,315
Charge to 31 December 2016	<u>574,280</u>
Amortisation c/f as at 31 December 2016	<u><u>2,091,595</u></u>
At January 2017	2,091,595
Charge to 30 June 2017	<u>264,361</u>
Amortisation as at 30 June 2017	<u><u>2,355,956</u></u>

Carrying Amount:

At 30 June 2016 (unaudited)	<u><u>988,225</u></u>
At 31 December 2016 (audited)	<u><u>1,134,452</u></u>
At 30 June 2017 (unaudited)	<u><u>1,415,299</u></u>

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-17 (unaudited) £	6 months ended 30-Jun-16 (unaudited) £	14 months ended 31-Dec-16 audited £
Loss before income tax	(1,341,883)	(515,282)	(1,812,843)
Depreciation charges	13,019	4,865	14,632
Amortisation charges	264,361	246,120	574,280
Share option reserve	159,986	41,527	96,897
Finance costs	225	168	-
Finance income	<u>(2,610)</u>	<u>(3,282)</u>	<u>(9,654)</u>
	(906,902)	(225,884)	(1,136,688)
(Increase)/decrease in trade and other receivables	(216,597)	(104,964)	(56,674)
Increase/(decrease) in trade and other payables	<u>160,153</u>	<u>13,353</u>	<u>283,489</u>
Cash generated from operations	<u><u>(963,346)</u></u>	<u><u>(317,495)</u></u>	<u><u>(909,873)</u></u>

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

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