

The information contained within this announcement is deemed by Osirium to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended.

7 September 2023

Osirium Technologies plc
("Osirium" or the "Group")

Half Year Results and Bridge Finance Facility

Osirium Technologies plc (AIM: OSI), a leading vendor of cloud-based cybersecurity and IT automation software, announces its unaudited interim results for the six months ended 30 June 2023.

Financial highlights

- Annualised recurring revenue ("ARR") for June 2023 of £2.16 million, an increase of 34% from June 2022 (ARR: £1.61 million)
- Total bookings increased to £1.22 million (H1 2022: £1.18 million)
- Deferred revenue increased 50% to £2.87 million (H1 2022: £1.91 million)
- Operating loss reduced to £1.24 million (H1 2022: £1.63 million)
- Cash balance at 30 June 2023 of £0.22 million (30 June 2022: £0.27 million), and debtors at 30 June 2023 of £0.40 million (30 June 2022: £0.33 million)

Operational highlights

- Maintained average contract values
- New partner-first strategy underpinned customer acquisition, with 22 customers signed during the six-month period
- All three products successfully serving as first points of entry for new customers
- Significant number of expansions and renewals
- Core focus on customer success validated by Software Reviews: "Gold Medal" rating and number one ranking in vendor support received

Post period highlights

- As announced on 30 August 2023, agreement was reached with SailPoint Technologies UK Ltd for the recommended cash acquisition of the entire issued, and to be issued, ordinary share capital of Osirium
- £200,000 Bridge Finance Facility put in place with SailPoint Technologies UK Ltd to fund operating costs during the offer period of the acquisition
- The Group's network and strong reputation supporting further renewals and customer wins in H2 2023

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About Osirium Technologies Plc

Osirium Technologies plc (AIM: OSI) is a leading UK-based cybersecurity software vendor delivering Privileged Access Management (PAM), Privileged Endpoint Management (PEM) and Osirium Automation solutions that are uniquely simple to deploy and maintain.

With privileged credentials involved in over 80% of security breaches, customers rely on Osirium PAM's innovative technology to secure their critical infrastructure by controlling 3rd party access, protecting against insider threats, and demonstrating rigorous compliance. Osirium Automation delivers time and cost savings by automating complex, multi-system processes securely, allowing them to be delegated to Help Desk engineers or end-users and to free up specialist IT resources. The Osirium PEM solution balances security and productivity by removing risky local administrator rights from users, while at the same time allowing escalated privileges for specific applications.

Founded in 2008 and with its headquarters in Reading, UK, the Group was admitted to trading on AIM in April 2016. For further information please visit www.osirium.com.

Chief Executive Officer's Review

Proposed Acquisition of Osirium

As reported on 30 August 2023, the Board is pleased to announce an agreement with the Board of Directors of SailPoint Technologies UK Ltd ("BidCo"), which is indirectly owned by SailPoint Parent, L.P., for the recommended cash acquisition of the entire issued, and to be issued, ordinary share capital of Osirium (the "Acquisition"). Under the terms of the Acquisition, each Osirium Shareholder will be entitled to receive 2.35 pence in cash for each Osirium Share. The Acquisition values Osirium's entire issued, and to be issued, ordinary share capital at approximately £3.11 million on a fully diluted basis and implies an enterprise value of approximately £6.56 million.

The Board believes the Acquisition will provide the scale, recognition and resources that will enable the full potential of Osirium's PAM, EPM and PPA solutions.

Further, we believe that the Acquisition fairly recognises the medium-term prospects and growth potential of Osirium as a standalone business and provides Osirium Shareholders with an immediate and certain value in cash.

The proposed Acquisition is subject to shareholder approval at a court meeting and at a general meeting, the dates of which will be announced in due course.

HY23 performance

Overview

The Group is pleased to report a period of continued trading momentum, in which it has strengthened its presence in the public and private sectors alongside ensuring its offering remains a compelling option for customers through enhancements to its privileged security solutions. Alongside this trading performance, the Group has maintained a focus on managing its cost base, with material cost savings initially identified in Q4 2022 having been achieved in the business.

The Group's ARR increased by 34% over the 12 months to 30 June 2023 to £2.16 million (30 June 2022 ARR: £1.61 million) and by 16% since the start of the year (December 2022 ARR: £1.86 million). ARR growth has been driven by a combination of new customer wins and renewals from existing customers.

Bookings for the period were £1.22 million (H1 2022: £1.18 million) and revenue was £1.07 million (H1 2022: £0.91 million), representing a 3% and 18% increase on H1 2022 respectively. Deferred revenue at 30 June 2023 was £2.87 million (30 June 2022: £1.91 million).

The Group maintained its average contract value on the last financial year, with its partner-first sales strategy and delivering a healthy pipeline of opportunities across its Privileged Access Management ("PAM"), Privileged Process Automation ("PPA") and Endpoint Privileged Management ("EPM") solutions. All three products represent attractive standalone options to prospective customers, and have contributed meaningfully to the Group's bookings and ARR.

Capturing new business

Osirium continued its new business momentum in the new year, with 22 new customers signed by 30 June 2023.

The Group's sales functions consist of a channel partner network alongside a direct sales model. The Group's channel partner network consists of over 50 active resellers and vendors across five continents.

In 2023, the Group has transitioned to a partner first model, with a greater emphasis placed on winning customers via the broad channel partner network. This transition positions the Group for further growth, enabling a swifter pace of customer acquisition and providing an entry point into new sectors and geographies where the Group's direct sales team is limited. A significant majority of the Group's new wins have been achieved through this model during the period alongside traditional sales and marketing

such as appearances at a number of key trade shows, which raise the Group's profile among its core audiences.

While maintaining an emphasis on expansion within all the markets its partners operate, the Group has seen particular traction within its UK markets on account of its strong reputation and the requirements for this level of protection. New customers signed during the half include Northern Ireland Water, Quaker House, De La Rue and Telehouse.

Healthcare represents a core market for the Group, with Osirium counting approximately a quarter of all NHS Trusts as customers. The Group's reputation in this sector has actively contributed to the pipeline via referrals to prospective customers and direct approaches from resellers, supporting new business acquisition.

Customer renewals, license expansions and cross-selling

Alongside new customer wins, a core focus of Osirium's strategy is to achieve significant renewals, license expansions and cross-selling following an initial sale.

A significant number of customers bought more products or increased their license capacity during the period, aided by the continued maturation of the Group's PPA and EPM products. The Group has achieved a number of cross-sells from initial contracts, including the purchase of EPM from an initial contract, leading to the addition of the Group's PAM product. As at 30 June 2023, over 25% of active customers have been issued with licenses for more than one product.

In addition, supported by our customer focus and continued product enhancements, our strong rate of customer renewals has been maintained, currently at 98%.

Market

The market for privileged security has continued to grow in line with the increasing awareness of and requirement for these services globally, supporting the Group's customer acquisition.

Key regulatory drivers, directives and hybrid working trends continue to underpin the demand for privileged security, particularly in Europe and North America. In particular, the requirements for organisations to obtain privileged security for cyber insurance policies mean our solutions continue to be one of the factors at the top of the priority list for IT professionals.

Within the UK, these directives have also been issued in the Group's target sectors such as healthcare. The National Health Service's recent cyber security strategy outlines the role PAM products can play in preventing the insider threat and limiting security risks around privileged access more generally.

Ransomware continues to represent the core threat to IT departments, with a number of significant attacks observed during the year and reported across mainstream media. Compounded by geopolitical instability, these attacks highlight the need for privileged security in businesses and organisations of all sizes.

Current trading and outlook

The Group has made a positive start to the second half to date, with a number of further customer renewals. In addition, the Group has continued to see a growing pool of prospective new customers driven by the Group's partner network and strong reputation within its markets. Osirium's cash balance at 31 August 2023 was £89k with debtors of £242k.

Bridge Finance Facility

On 6 September 2023, Bidco (as the lender), Osirium Limited (as borrower) and the Group (as guarantor) entered into a bridge finance facility agreement (the "Bridge Finance Facility Agreement"). Pursuant to the Bridge Finance Facility Agreement, Bidco agreed to make available to Osirium Limited, as the operating subsidiary of the Group, a loan facility in an aggregate amount of up to £200,000 (the "Bridge Finance Facility"). Multiple loans may be drawn under the Bridge Finance Facility.

The Bridge Finance Facility is being made available to fund the working capital needs of the Group. Any drawdown is subject to the consent of Bidco, which may be granted in its sole discretion.

The Bridge Finance Facility will terminate on the earlier of: (i) 31 December 2023; (ii) the date falling ten Business Days (as defined in the Bridge Finance Facility Agreement, being "Bridge Finance Facility Business Days") after the date on which Bidco announces, with the consent of the Panel on Takeovers and Mergers (the "Panel"), that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced in accordance with Rule 2.7 of the Takeover Code at the same time; (iii) the date falling ten Bridge Finance Facility Business Days after the date on which the Scheme is withdrawn or lapses for the purposes of the Takeover Code (save where Bidco has exercised its right to switch from the Scheme to a takeover offer prior to such withdrawal or lapse); (iv) the date falling ten Bridge Finance Facility Business Days after the date on which a third party (other than Bidco or any person acting in concert with Bidco) announces a firm intention to make an offer for shares in Osirium pursuant to Rule 2.7 of the Takeover Code, whether or not recommended, at an offer price greater than 2.35p per share; and (v) where Bidco has exercised its right to switch from the Scheme to a takeover offer, if: (a) subject to Panel consent, the offer document has not been published by 11:59 p.m. on the 28th calendar day following the announcement of such exercise of the right to switch (or such later time or date as agreed between Bidco and Osirium, with the approval of the Panel if required); or (b) such Offer lapses for the purposes of the Takeover Code, in each case on the date falling ten Bridge Finance Facility Business Days after such date.

Interest on each loan under the Bridge Finance Facility will accrue at a rate of 10 per cent. per annum until the date of termination of the Bridge Finance Facility Agreement. Any voluntary prepayment by Osirium Limited is without penalty or fee (apart from breakage costs and accrued interest).

The Bridge Finance Facility Agreement includes customary representations and undertakings and financial information rights for a facility of this kind. The Bridge Finance Facility Agreement is unsecured.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 30-Jun-23 (Unaudited) £	6 months to 30-Jun-22 (Unaudited) £	Year to 31-Dec-22 (Audited) £
CONTINUING OPERATIONS			
Revenue	1,072,987	909,577	1,922,860
Other operating income	42	2	2
Administrative expenses	(2,311,136)	(2,535,240)	(5,279,002)
OPERATING LOSS	(1,238,109)	(1,625,661)	(3,356,140)
Finance costs	(120,067)	(107,395)	(229,701)
Finance income	3	-	-
LOSS BEFORE TAX	(1,358,173)	(1,733,056)	(3,585,841)
Income tax credit	228,062	315,774	640,860
LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF OSIRIUM TECHNOLOGIES PLC	<u>(1,130,111)</u>	<u>(1,417,282)</u>	<u>(2,944,981)</u>
Loss per share from continuing operations:			
Basic and diluted loss per share	1p	5p	6p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Jun-23 (Unaudited) £	30-Jun-22 (Unaudited) £	31-Dec-22 (Audited) £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	3,781,195	3,721,569	3,752,102
Property, plant & equipment	41,348	68,790	54,848
Right-of-use asset	175,927	211,598	199,384
	<u>3,998,470</u>	<u>4,011,957</u>	<u>4,006,334</u>
CURRENT ASSETS			
Trade and other receivables	811,823	1,236,390	906,698
Cash and cash equivalents	220,443	273,218	1,081,135
	<u>1,032,266</u>	<u>1,509,608</u>	<u>1,987,833</u>
TOTAL ASSETS	<u>5,030,736</u>	<u>5,511,565</u>	<u>5,994,167</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3,379,088	2,786,811	3,307,313
Lease liability	54,609	19,125	45,216
	<u>3,433,697</u>	<u>2,805,936</u>	<u>3,352,529</u>
NON-CURRENT LIABILITIES			
Lease liability	167,050	212,084	194,660
Convertible loan notes	3,032,262	2,816,678	2,926,134
	<u>3,199,312</u>	<u>3,028,762</u>	<u>3,120,794</u>
TOTAL LIABILITIES	<u>6,633,009</u>	<u>5,834,698</u>	<u>6,473,323</u>
EQUITY			
SHAREHOLDERS EQUITY			
Called up share capital	1,225,487	604,377	1,225,487
Share premium	13,750,312	13,006,740	13,750,312
Share option reserve	386,517	372,529	379,523
Convertible note reserve	394,830	394,830	4,008,592
Merger reserve	4,008,592	4,008,592	394,830
Retained earnings	(21,368,011)	(18,710,201)	(20,237,900)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF OSRIRIUM TECHNOLOGIES PLC	<u>(1,602,273)</u>	<u>(323,133)</u>	<u>(479,156)</u>
TOTAL EQUITY AND LIABILITIES	<u>5,030,736</u>	<u>5,511,565</u>	<u>5,994,167</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Called up Share Capital</i>	<i>Share premium</i>	<i>Merger reserve</i>	<i>Share option reserve</i>	<i>Convertible note reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	£	£	£	£	£	£	£
Balance at 1 January 2022	293,820	12,462,319	4,008,592	365,535	394,830	(17,292,919)	232,176
Changes in equity							
Total comprehensive loss	-	-	-	-	-	(1,417,282)	(1,417,282)
Issue of share capital	310,557	689,443	-	-	-	-	1,000,000
Issue costs	-	(145,021)	-	-	-	-	(145,021)
Share option charge	-	-	-	6,994	-	-	6,994
Balance at 30 June 2022 (unaudited)	<u>604,377</u>	<u>13,006,741</u>	<u>4,008,592</u>	<u>372,529</u>	<u>394,830</u>	<u>(18,710,201)</u>	<u>(323,132)</u>
Balance at 1 January 2022	293,820	12,462,319	4,008,592	365,535	394,830	(17,292,919)	232,177
Changes in equity							
Total comprehensive loss	-	-	-	-	-	(2,944,981)	(2,944,981)
Issue of share capital	931,667	1,599,833	-	-	-	-	2,531,500
Issue costs	-	(311,840)	-	-	-	-	(311,840)
Share option charge	-	-	-	13,988	-	-	13,988
Balance at 31 December 2022 (audited)	<u>1,225,487</u>	<u>13,750,312</u>	<u>4,008,592</u>	<u>379,523</u>	<u>394,830</u>	<u>(20,237,900)</u>	<u>(479,156)</u>
Balance at 1 January 2023	1,225,487	13,750,312	4,008,592	379,523	394,830	(20,237,900)	(479,157)
Changes in equity							
Total comprehensive loss	-	-	-	-	-	(1,130,111)	(1,130,111)
Share option charge	-	-	-	6,994	-	-	6,994
Balance at 30 June 2023 (unaudited)	<u>1,225,487</u>	<u>13,750,312</u>	<u>4,008,592</u>	<u>386,517</u>	<u>394,830</u>	<u>(21,368,011)</u>	<u>(1,602,273)</u>

CONSOLIDATED STATEMENT OF CASHFLOW

	6 months ended 30-Jun-23 (unaudited) £	6 months ended 30-Jun-22 (unaudited) £	Year ended 31-Dec-22 (audited) £
Cashflows from operating activities			
Cash used in operations	(629,067)	(602,944)	(138,715)
Tax received	640,556	603,232	603,232
Net cash from operating activities	11,489	288	464,517
Cash flows from investing activities			
Purchase of intangible fixed assets	(853,601)	(945,808)	(1,960,912)
Purchase of tangible fixed assets	(583)	(10,524)	(15,338)
Sale of tangible fixed assets	42	-	-
Interest received	3	2	-
Net cash used in investing activities	(854,139)	(956,330)	(1,976,250)
Cashflows from financing activities			
Share issue	-	1,000,000	2,531,500
Share issue costs	-	(145,021)	(311,840)
Lease payment	(25,416)	(16,947)	(25,392)
Allocation of professional fees on loan notes	7,374	7,374	14,746
Net cash (used in)/from financing activities	(18,042)	845,406	2,209,014
Increase/(decrease) in cash and cash equivalents	(860,692)	(110,636)	697,281
Cash and cash equivalents at beginning of period	1,081,135	383,854	383,854
Cash and cash equivalents at end of period	220,443	273,218	1,081,135

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, sale and licensing 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 2022 are unaudited with the audited information included for the 12-month period ended 31 December 2022. 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 but did contain a material uncertainty paragraph on going concern.

The financial information was approved by the Board of Directors on 6 September 2023 and authorised for issue on 7 September 2023.

Accounting Policies

The accounting policies used in the preparation of the financial information for the six months ended 30 June 2023 are in accordance with the recognition and measurement criteria of UK-adopted international accounting standards and are consistent with those which will be adopted in the annual financial statements for year ended 31 December 2023.

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 2022. As permitted, the Group has chosen not to adopt IAS 34 'Interim Financial Reporting' in preparing these Interim Financial Statements.

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 2023, 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.

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 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

	<i>Development Costs £</i>
Cost	
At 1 January 2022	11,349,999
Additions to 30 June 2022	945,808
Cost c/f as at 30 June 2022	<u>12,295,807</u>
At 1 January 2022	11,349,999
Additions to 31 December 2022	1,960,912
Cost c/f as at 31 December 2022	<u>13,310,911</u>
At 1 January 2023	13,310,911
Additions to 30 June 2023	853,601
Cost c/f as at 30 June 2023	<u>14,164,512</u>
Amortisation	
At 1 January 2022	7,792,689
Charge to 30 June 2022	781,549
Amortisation c/f as at 30 June 2022	<u>8,574,238</u>
At 1 January 2022	7,792,689
Charge to 31 December 2022	1,766,120
Amortisation c/f as at 31 December 2022	<u>9,558,809</u>
At 1 January 2023	9,558,809
Charge to 30 June 2023	824,508
Amortisation c/f as at 30 June 2023	<u>10,383,317</u>
Carrying Amount:	
At 30 June 2022 (unaudited)	<u>3,721,569</u>
At 31 December 2022 (unaudited)	<u>3,752,102</u>
At 30 June 2023 (unaudited)	<u>3,781,195</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 administrative expenses in the statement of comprehensive income.

RIGHT OF USE ASSETS

	<i>Leases & Buildings</i>
	£
Cost	
At 31 December 2021	159,455
Additions	234,569
Disposals	<u>(159,455)</u>
At 31 December 2022	234,569
Additions	<u>-</u>
At 30 June 2023	234,569
Depreciation	
At 31 December 2021	147,189
Charge for year	47,451
Depreciation eliminated on disposal	<u>(159,455)</u>
At 31 December 2022	35,185
Charge for year	<u>23,457</u>
At 30 June 2023	58,642
Net Book Value	
At 31 December 2022	<u>199,384</u>
At 30 June 2023	<u>175,927</u>

Additions to the right of use assets during the period were £nil (year to 31 December 2022: £234,569).

The group leases land and buildings for its office under an agreement for 5 years running from 2022 to 2027.

LEASE LIABILITIES

	<i>As at 30-Jun- 23</i>	<i>As at 30-Jun- 22</i>	<i>As at 31-Dec- 22</i>
	£		£
Current			
Lease liability	<u>54,609</u>	<u>19,125</u>	<u>45,216</u>
Non- current			
Lease liability	<u>167,050</u>	<u>212,084</u>	<u>194,660</u>

RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH FROM OPERATIONS

	<i>6 months ended 30-Jun-23 (unaudited) £</i>	<i>6 months ended 30-Jun-22 (unaudited) £</i>	<i>Year ended 31-Dec-22 (audited) £</i>
Loss before income tax	(1,358,173)	(1,733,056)	(3,585,841)
Depreciation charges	37,541	44,729	75,265
Amortisation charges	824,508	781,549	1,766,120
Share option charge	6,994	6,994	13,988
Profit on disposal of fixed assets	(42)	-	-
Finance costs	105,853	107,395	229,701
Finance income	(3)	-	-
	<u>(383,322)</u>	<u>(792,388)</u>	<u>(1,500,767)</u>
(Increase)/decrease in trade and other receivables	(317,522)	(22,036)	213,190
Increase /(decrease) in trade and other payables	<u>71,777</u>	<u>211,480</u>	<u>1,148,862</u>
Cash used in operations	<u>(629,067)</u>	<u>(602,944)</u>	<u>(138,715)</u>