



CROSSWORD
CYBERSECURITY

Interim Accounts Update

September 2020

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Presentation Team



Tom Ilube

Tom is founder and CEO of Crossword. He is also a Non Executive Director of the BBC. Tom was until recently Managing Director of Consumer Markets at Callcredit Information Group, the private equity backed UK credit reference agency sold to GTCR of Chicago in 2014.



Mary Dowd

Mary was most recently Chief Operating Officer for Europe, the Middle East and Africa, and previously Chief Financial Officer at Cordium Consulting Group Limited, a leading provider of governance, risk and compliance services with operations in London, Hong Kong, Malta, New York, Boston and San Francisco.



Stuart Jubb

Stuart joined Crossword from KPMG where he was Associate Director, Defence & Security. Prior to that he was Chief Operating Officer of a global consulting team of over 200 in KPMG Advisory. Stuart spent nine years as an officer in HM Forces, after Sandhurst, serving in Afghanistan, NATO and elsewhere.



Sean Arrowsmith

Sean has over 20 years sales experience in cyber/information security and technology. He was previously Group Sales Director at IRM Ltd, the World Class Centre in Cyber Security of Altran Technologies SA, the global innovation and engineering consulting firm.

CROSSWORD CYBERSECURITY PLC

British cyber security business commercialising
knowledge developed in world class universities
into products and services

H1 2020 Update

- ❑ Product and Consulting Revenue increased by 43% in H1 2020
- ❑ Rizikon Assurance is seeing continued traction with notable client wins. Rizikon Assurance orders were 41% higher than those received in the same period last year
- ❑ Rizikon Pro for SMEs was launched July 2020, transforming the sales model with a much shorter sales cycle and impressively high conversion from trials to commitments
- ❑ Agreement signed March 2020 with Satisnet, leading IT Security reseller, expanding partner program alongside Leonardo, the global defence contractor and NCC, the leading cyber security provider
- ❑ Consulting extended its recurring revenue vCISO service, gaining further traction in the Insurance industry and other sectors
- ❑ Worked with Imperial College London on enhancements to our second product, Nixer CyberML, launched Nov 2019
- ❑ Raised £1m Apr 2020 at 230 pence per share

” Rizikon Pro allows small & medium organisations to assess supply chain risk in a cost effective SaaS way with the same success as our enterprise clients. Rizikon Pro is transforming our sales model. Sales cycles are shrinking to 4-12 weeks from 6-18 months and we are seeing 50% conversion from trials to commitments. ”

- Tom Ilube, CEO

H1 2020 Update

- ❑ Sean Arrowsmith joined as Crossword's first Group Sales Director, having an immediate impact on our product sales model
- ❑ Dr Robert Coles, ex-KPMG Partner, took on the role as Non-Executive Chair of Crossword Consulting Ltd, the Group's consulting subsidiary
- ❑ Increased PR activity, including a successful series of Webinars and a digital marketing campaign has significantly raised Crossword's market profile

” Whilst discretionary spend has been cut back by many organisations there are aspects of cyber security that are not discretionary and investment continues in these areas. ”

- Tom Ilube, CEO

H1 2020 Update – COVID - 19

- ❑ Uncertainty in the market with specific sectors such as travel, leisure and hospitality very hard hit. Resulted in some opportunities falling out of product pipeline, and initial delays in delivering work.
- ❑ Easier to get sales meetings, but decisions not being made during lockdown.
- ❑ Changes to working practices, such as remote working, heightened focus on cybersecurity risks
- ❑ COVID - 19, Brexit and heightened awareness of ESG matters, shining a light on reliance and issues in supply chains.
- ❑ Crossword closed offices for safety, implemented internal support systems for employees, operated very efficiently during the very uncertain period. Medium to longer terms methods of working are being reviewed in light of effectiveness of distributed working and employee preferences.

”Recent global events including COVID-19, Brexit, trade wars and ESG matters are drawing attention to the importance of supply chain management, and shining a torch on poor resilience, and the unknown risks organisations are carrying in their supply chains. The release of Rizikon Pro addresses the demand from smaller organisations to assess supply chain risk in a cost effective way, helping them identify where to invest resources to reduce risk and build resilient supply chains, with the same success as our enterprise customers.”

- Sean Arrowsmith, Group Sales Director

2020 Outlook

- ❑ Full year revenue growth of at least 25%.
- ❑ Several large bids, including two multi-million pound opportunities due for decision in 2020, have the potential to drive higher growth.
- ❑ Product & Consulting revenue growth of at least 35%.
- ❑ Considering both organic and growth through acquisition.

” Crossword’s Consulting division has been going from strength to strength, building a strong franchise in insurance, legal and financial services sectors in particular and significantly growing our proportion of vCISO recurring revenue. ”

- Stuart Jubb, MD Crossword Consulting

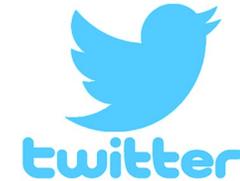
Half Year Results – June 2020

- ❑ Total revenue increased by 18% to £674,008.
- ❑ Product and Consulting revenue increased by 43% over the same period in the prior year, as Company moved away from software development revenue
- ❑ Orders received for Rizikon Assurance during the period were 41% higher than those received in the same period last year.
- ❑ The number of Rizikon opportunities continued to grow in the period.
- ❑ Total comprehensive loss for the period was £1,393,193, an increase of £315,598 over the same period in the prior year.
- ❑ Cash and Cash Equivalents at 30 June 2020 was £1,550,317.

Top 5 Data breaches in 2020

- Credential Stuffing
- Ransomware Attack
- Phishing
- Phone Spear Phishing
- Data Breaches
- Malware

Magellan
HEALTH®



Strong Leadership Team

- ❑ Chair Sir Richard Dearlove KCMG OBE, former head of MI6, Chair of Trustees of University of London
- ❑ CEO and founder Tom Ilube CBE, Non-Exec Director BBC, ex-Goldman Sachs, PwC, former CIO Egg Banking plc, Advisory Fellow St Anne's College & Honorary Fellow Jesus College, Oxford
- ❑ Advisory Board: Dr. Robert Coles, Professor Nick Jennings, General Sir Nick Houghton & Dr. Una-May O'Reilly (MIT)
- ❑ Group Sales Director, Sean Arrowsmith, joined Jan 2020. 20 years sales experience, building consulting and product sales teams in information security at Altran World Class Centre (IRM Ltd), Siemens Insight Consulting
- ❑ Managing Director, Consulting, Stuart Jubb, former KPMG Director in Defence & Security, following 9 years as an Officer in HM Forces

Products

Product	Description
Rizikon	Enterprise-class Third-party Risk Assurance – originated from City, University of London
Nixer CyberML	Machine-learning based Application protection
Consulting	Cyber Security Consulting
CyberOwl	Intrusion early warning system from Coventry University
ByzGen	Blockchain systems for Defence & Intelligence, from ideas generated at Warwick University and EPFL, Switzerland

RIZIKON is a secure, encrypted SaaS platform putting organisations in control of managing risks in their supply chain



	Rizikon Enterprise	Rizikon Pro	Rizikon with Partners
Launched	Sept 2019	July 2020	
Features	Question sets, 360 degree Supplier Scorecard, Creditsafe Integration	Modular, out of the box, online subscription	Bespoke
Target Market	Medium to Large, complex enterprises	Small to Medium, enterprises	Defence, Government, Critical National Infrastructure
Sales Cycle	6 – 18 months	6 – 12 weeks	1 – 2 years
Typical Deals Size	£10-50k pa recurring	£1.5k - £6k p.a. (or monthly payment) recurring	Six figures plus p.a recurring
Marketing	Outbound sales activity	Inbound, digital campaigns, direct, membership bodies	Partners

« Previous

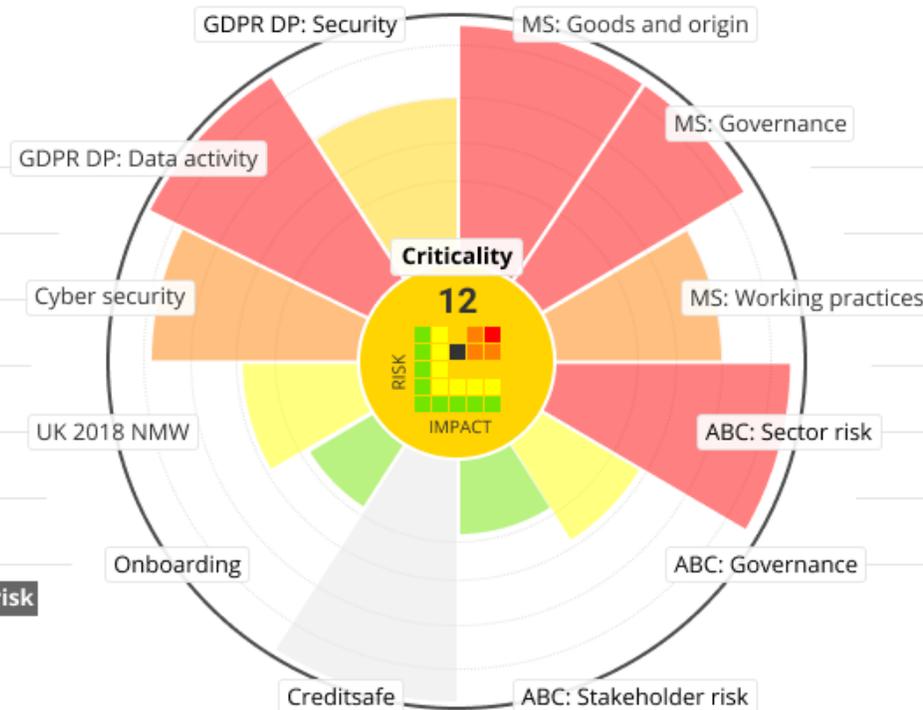
Crossword Cybersecurity ▾

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KEY INFORMATION

Impact	Medium (3)
Turnover (last year)	£1,333,121
Certificate A renewal	12/03/2019
Certificate B renewal	04/11/2019
Relationship manager	John James
Company type	Private Ltd.
Location	London
Categories	ISO 9001 V. high risk Approved supplier



RISK DETAILS

Insurance cover	Low
H&S investigations	Yes
GDPR relevant	Yes
Processing data	Outside EU
ISO 27001	No
Cyber Essentials	Yes
MS statement	Available
MS high risk goods and locations	Palm oil, Syria, Footballs, Pakistan



NMC Nursing &
Midwifery
Council



PETERBOROUGH
CITY COUNCIL



Intelliflo



**Barron
McCann**



CAMMELL LAIRD



And also:

- Luxury Car Manufacturer
- Government Department
- Housing Association
- Multi Academy Trust
- Top 30 Accountancy Firm
- UK Rail ROC
- FTSE 250 Chemical

Revenue and Client growth – Rizikon Traction

- ❑ UK market size estimated at £300m per annum
- ❑ Clients are from multiple sectors
- ❑ Multi-million pound Partner led opportunities
- ❑ Potential to roll out to thousands of SME clients over the coming years with Rizikon Pro



- ❑ Cyber crime, fraud, ATOs, cyber-human hacking, and malicious user behaviour happen on an industrial scale
- ❑ Existing application protection solutions help, but not enough
- ❑ Enterprises and SaaS vendors need to build the ability to learn how to distinguish normal user behaviour from malicious activity into their applications
- ❑ Machine-learning applied to User Behaviour isn't easy or quick, and requires new skills and tools. This led to Nixer CyberML
- ❑ Visit www.nixer.io to learn more



Credential Stuffing & Account Takeovers Services and Products

User Names & Passwords (Billions)

+ Web Proxies (Millions)

+ Cheap Credential Attack Tools

= ATOs (100's of millions)

= GDPR problems

Crossword Cybersecurity have been investigating automated attacks ranging from DDoS to highly automated credential attacks for over five years - how to detect them and how to protect systems and users against them. An almost unlimited volume of breached user-name and password combinations can be found on the web. These combined with using Web Proxies and Credential attack tools such as Snipr, SentryMBA and STORM make launching credential stuffing attacks easier and cheaper than ever. Which is exactly why Credential Attacks are the foundation of cybercrime – feeding the industrial hackers with the access rights and easily monetised Account Take Overs (ATOs) that they need. Credential leaks are potentially the biggest source of GDPR fines.

- ❑ Strategic to our product business and vice versa
- ❑ Worked with over 50 clients across multiple sectors to date
- ❑ CREST accredited for penetration testing services
- ❑ Multiple Rizikon Assurance driven, third party risk consulting opportunities
- ❑ Launched vCISO proposal in 2019



Revenue and Client Growth - Consulting

- ❑ Clients are across sectors; Insurance, Professional Services, Financial Services, Nuclear, Technology
- ❑ Consulting launched its vCISO service and secured its highest value, multi-year contract to date in 2019. For a monthly retainer, clients get tailored information security support.
- ❑ Recurring revenue has more than doubled in H1 2020.

Facts and Figures

- ❑ Founded Mar 2014; Admitted to AIM Dec 2018
- ❑ 2 offices; Richmond, Surrey & Krakow, Poland
- ❑ Total staff of 34
- ❑ Engaged with 40+ universities
- ❑ Rizikon V2 launched Sept 2019
- ❑ Rizikon Pro launched July 2020
- ❑ Nixer CyberML launched Nov 2019
- ❑ Strong product revenue growth; 2019 revenue growth of 22%, 2020 revenue growth of 25% forecast ; Product and Consulting revenue growth of 51% in 2019 and 43% in H1 2020.
- ❑ Consulting launched its vCISO service and secured its highest value, multi-year contract to date in 2019
- ❑ Raised £1.4m in convertible debt in Dec 2019
- ❑ Raised £1m Apr 2020 at 230 pence per share
- ❑ Over £950k revenue in hand for next twelve months

Consolidated Statement of Comprehensive Income	Unaudited 6 Months to 30 June 2020	Audited 12 Months to 31 December 2019	Unaudited 6 Months to 30 June 2019
	£	£	£
Revenue	674,008	1,305,055	570,757
Cost of Sales	<u>(791,237)</u>	<u>(1,431,648)</u>	<u>(667,023)</u>
Gross Profit (Loss)	(117,229)	(126,593)	(96,266)
Other operating income-research & development tax credits	-	171,623	18
Administrative expenses	(1,148,020)	(2,185,170)	(972,888)
Share based payments	(26,608)	(32,200)	2,990
Finance income-bank interest receivable	1,079	8,357	2,462
Finance costs-other interest payable and foreign exchange	(106,269)	(24,351)	(8,597)
Financial Instrument stated at amortised cost		<u>92,764</u>	
Loss for the year/period before taxation	<u>(1,397,047)</u>	<u>(2,095,570)</u>	<u>(1,072,280)</u>
Tax expense	(2,410)	(5,878)	(2,360)
Loss for the Year / Period	<u>(1,399,457)</u>	<u>(2,101,448)</u>	<u>(1,074,640)</u>
Other Comprehensive Income			
Items that may be reclassified to profit or loss:			
Foreign Exchange Translation Gain (Loss)	6,264	(5,354)	(2,955)
Total Comprehensive Loss	<u>(1,393,193)</u>	<u>(2,106,802)</u>	<u>(1,077,595)</u>
Loss for the period attributable to:			
Owners of the parent	(1,374,575)	(2,101,448)	(1,074,640)
Non-controlling interests	<u>(24,882)</u>	<u>-</u>	<u>-</u>
Total Loss for the Year / Period	<u>(1,399,457)</u>	<u>(2,101,448)</u>	<u>(1,074,640)</u>
Total comprehensive loss for the period attributable to:			
Owners of the parent	(1,368,311)	(2,106,802)	(1,077,595)
Non-controlling interests	<u>(24,882)</u>	<u>-</u>	<u>-</u>
Total Comprehensive Loss	<u>(1,393,193)</u>	<u>(2,106,802)</u>	<u>(1,077,595)</u>
Earnings Per Share	(0.29)	(0.45)	(0.23)
Diluted Earnings Per Share	(0.26)	(0.40)	(0.22)

All results are derived from continuing operations

Interim Statement of Financial Position as at 30 June 2020

	Unaudited Group 30 June 2020 £	Audited Group 31 December 2020 £	Unaudited Group 30 June 2019 £
Non-Current Assets			
Tangible assets	11,775	15,438	9,690
Right to Use Asset	133,688	203,062	273,656
Investments in other unlisted investment	31	31	31
Total non-current assets	145,494	218,531	283,377
Current Assets			
Trade and other receivables	432,543	606,953	447,915
Tax receivable	17,627	19,345	12,140
Cash and cash equivalents	1,550,317	1,514,166	1,294,491
Total current assets	2,000,487	2,140,463	1,754,546
TOTAL ASSETS	2,145,981	2,358,994	2,037,924
EQUITY			
Share Capital	256,605	234,061	234,039
Share premium account	8,518,391	7,515,744	7,514,670
Other reserves	155,434	128,826	93,636
Retained earnings	(8,722,924)	(7,428,818)	(6,402,010)
Translation of foreign operations	(5,103)	(11,367)	(8,968)
Attributable to owners of the parent	202,402	438,447	1,431,367
Non-controlling interests	(91,051)	-	-
Total equity	111,352	438,447	1,431,367
LIABILITIES			
Current Liabilities			
Trade and other payables	561,852	522,286	529,810
Tax payable	151,498	91,024	76,747
Total current liabilities	713,350	613,311	606,557
Long Term Liabilities			
Loan	1,321,279	1,307,236	-
Total long term liabilities	1,321,279	1,307,236	-
Total Liabilities	2,034,629	1,920,547	606,557
Total Equity & Liabilities	2,145,981	2,358,994	2,037,924

A grayscale photograph of two business professionals shaking hands over a desk. The person on the left is wearing a suit and tie, and the person on the right is wearing a light-colored shirt. The background is blurred, showing office furniture. A semi-transparent dark gray bar is at the bottom of the image.

Thank you