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Blue Prism Group PLC
26 June 2018

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Blue Prism Group plc

("Blue Prism" or the "Group")

Interim Results for the six months ended 30 April 2018

Further scaling our business to capitalise on a global growth market

Blue Prism, a global leader in Robotic Process Automation ("RPA"), is pleased to announce unaudited interim results for the six months to 30 April 2018.

Financial Highlights

- Revenue increased 145% to £22.9m (H1 2017: £9.3m)
- Recurring licence revenue represented 93% of total revenue (H1 2017: 91%)
- Exit run-rate (recurring licence revenue) increased to £4.4m per month at 30 April 2018 (30 April 2017: £1.7m per month)
- Adjusted EBITDA loss of £4.1m (H1 2017: loss of £2.7m)*
- Cash and cash equivalents at 30 April 2018 were £54.6m (30 April 2017: £10.6m)

*EBITDA loss adjusted to exclude share-based payments, and foreign exchange gains/(losses) and the costs of the equity placing completed in January 2018.

Operational Highlights

- Continued sales momentum, with 559 software deals secured, constituting:
    - 223 new customers (H1 2017: 118)
    - 298 upsells secured across 169 customers (H1 2017: 83 upsells across 53 customers)
    - 38 renewals (H1 2017: 8 renewals)
- Further growth in customer base, which now stands at 700 (H1 2017: 271)
- Deepened engagement with Partner channel and large-scale technology vendors; renewed partnership with identitii, global collaboration with Fujitsu and partnering with TrustPortal for customer interaction with process automation in real-time
- Concluded cloud collaborations with Google and Microsoft after the end of the period
    - The collaborations provide Blue Prism customers with accelerated access to AI capabilities across Microsoft and Google AI platforms, Azure Machine Learning and Analytics capabilities
- Global nature of market opportunity underscored by increasing internationalisation of customer base:
    - US customer base stands at 214 (H1 2017: 58), with 79 new customers (H1 2017: 32), 77 upsells (H1 2017: 19) against 63 upsells in all FY17, and 9 renewals (H1 2017: 1) secured in the period
    - APAC customer base now at 82 (FY17: 52; FY16: 3), with 29 new customers, 20 upsells in H1 2018 against 27 upsells in all FY17 and 4 renewals secured in the period
- Sales and services operations opened in Germany, France and Singapore, adding to those already established in Australia, Japan and India
- Global employee base increased to 271 (H1 2017: 127), up from 189 at FY17
- Following the successful Placing in January 2018, the Group has invested to further its objectives, namely: scaling sales and marketing, adding relevant talent and expertise, investing in product development, developing the partner channel and broadening the Group's global presence.

Alastair Bathgate, CEO, commented:

"We have continued to make strong progress during the first half, growing our business and expanding the scale of our platform alongside the rapidly growing RPA market. We are pleased to see ongoing sales momentum, supported by both new customer wins and strong upsells to existing customers, all through a global partner ecosystem which remains highly engaged in RPA and the transformational power of this technology.

In January, we raised additional funds to help underwrite our growth plans and have begun to use those funds to invest in the talent, reach and platform we need to ensure we continue to scale successfully. The sales momentum we have seen so far this year, coupled with a solid pipeline and increasing support from our partner network, gives us continued confidence as we go into the second half and beyond."

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About Blue Prism

Blue Prism Group plc ("Blue Prism" or the "Group"), is a UK-headquartered global software company.

As the pioneer, innovator and a market leader in Robotic Process Automation (RPA), Blue Prism delivers the world's most successful Digital Workforce. The company's Digital Workers (software robots) provide business leaders with new operational capacity and intelligent skills to automate repetitive administrative tasks, while meeting the requirements of the most demanding IT environments, where security, compliance and scalability are paramount.

Blue Prism provides a scalable and robust execution platform for best-of-breed AI and cognitive technologies and has emerged as the trusted and secure RPA platform of choice for our customers. Billions of transactions and hundreds of millions of hours of work are executed on Blue Prism robots from renowned companies including Aegon, BNY Mellon, Coca-Cola, Commerzbank, IBM, ING, Maersk, Nokia, Nordea, Procter & Gamble, Raiffeisen Bank, Siemens, Westpac and Zurich. As at 30 April 2018, Blue Prism had 271 employees based out of offices in Newton le Willows and London (UK), Sydney (Australia), Tokyo (Japan), Bangalore (India), Austin, Miami, Chicago, New York and San Francisco (US), Munich (Germany), Paris (France) and Singapore

For more information visit www.blueprism.com and follow the Group on LinkedIn and Twitter.

Interim results for the six months ended 30 April 2018

OVERVIEW

During the period the Group continued to deliver against our strategic objectives, maintaining our investments in new and existing geographies, underpinning continued sales momentum. The Group enjoyed considerable new customer and upsell success as we continued to engage with our partners to address the increasingly global RPA market opportunity. The RPA market is growing with increasing speed and scale, and we continue to position our business and strengthen our platform to address this opportunity.

Revenue for the six months ended 30 April 2018 increased by 145 per cent to £22.9m (H1 2017: £9.3m) led by sales to both new and existing customers. Sales momentum built throughout the period, such that our exit run-rate at 30 April 2018 stood at £4.4m per month (30 April 2017: £1.7m per month).

As we continue to invest in the significant global opportunity RPA represents, we report adjusted EBITDA losses for the period of £4.1m (H1 2017: £2.7m). Cash and cash equivalents at 30 April 2018 were £54.6m (30 April 2017: £10.6m).

Following the successful Placing announced in January 2018, we have begun to allocate certain of those funds to our strategic objectives. The overarching aim of those investments is to make sure that we scale our operational platform to support to our fast-growing business, ensuring that our growth momentum remains sustainable and that our infrastructure is equipped to support us now and in the long-term.

We have a solid pipeline and a thriving ecosystem which support our long-term growth ambitions. We remain confident as we enter the second half that Blue Prism is well positioned for further growth, underpinned by an effective strategy, sensible and targeted investments and a strong cash position.

MARKET REVIEW

Awareness of and interest in the RPA market has continued to scale at speed. As it has done so, the interest we see in our RPA technology has started to emanate from new industry verticals and from new geographies. Whilst we maintain our focus on the US marketplace, which as the world's largest technology market is a key strategic geography for us, we are continuing to invest in emerging geographies where momentum is building. APAC is one such example, where the business has opened offices in Singapore, adding to its Japan operations, Australia and India. In the past six months we have also continued to expand our already strong reach in Europe, with new offices in Germany and France.

For all its rapid growth, the RPA market remains nascent and we see potential for further global growth and market development over the medium and longer term. One validation of this is the significant capital being invested by multiple players in the RPA market, both in distribution and product development. Although this means growing competition, it is competition that we feel validates our approach rather than undermines it. We believe that in a global business environment steadily waking up to the potential of RPA, our products continue to be differentiated from other competitors for their ability to scale within an enterprise, for their security and their performance.

Blue Prism's growing support and influence can be demonstrated by continued over-subscription for our Blue Prism World event series, as we have seen at our events in New York and London which took place in May and June 2018. We expanded our approach this year to include our first dedicated Partner Forum events attended by more than 800 people, followed by Blue Prism World customer events in New York and London, which saw which saw almost 2,500 attendees at both events alongside endorsements from 29 sponsor partners. These annual customer events are now the largest RPA events globally, showcasing many of our Fortune Global customers including TD Bank Group, Fannie Mae, Johnson & Johnson, Constellation Brands who demonstrate to other attendees how they are using Blue Prism's Intelligent Digital Workforce as the foundation and catalyst for digital transformation within their enterprises.

Enterprise adoption of Blue Prism RPA has continued to increase, with multinational organisations and household name brands actively voicing their support for the software and endorsing Blue Prism's differentiation in the marketplace. Against this backdrop, Blue Prism has been particularly successful in encouraging large, well-known brand customers to talk increasingly throughout the year about their RPA usage and returns. Targeted marketing activity has been centred around building these new, compelling case studies, with the Blue Prism Café webinar series a good example of this. The most recent instance of the Café featured Coca-Cola discussing the effectiveness of Blue Prism RPA within its organisation.

OPERATIONAL REVIEW

For the six months ended 30 April 2018, the Group delivered another period of customer and sales growth, resulting from the targeted investment in our global sales and marketing teams, acceleration of further sales momentum in existing and new geographies, and the further development of our scalable indirect sales channel.

Customer and sales growth

In H1 2018 Blue Prism has continued to deliver ongoing sales momentum, accelerating growth in total customer base, new customers, renewals and upsells as follows:

Customer licence deals	H1 2018	FY 2017	H1 2017
New	223	324	118
Renewals	38	21	8
Upsells	298	264	83
Total	**559**	**609**	**209**

The Group has seen strong growth in the period in the total number of deals signed, standing at 559 for the first half, compared to 209 in the same period in 2017 and 609 for the entirety of 2017.

We have continued to achieve both strategic and operational progress during the period. Our product is currently used by more than 55,000 individuals, registered on the Blue Prism portal, in more than an estimated 1,000 organisations worldwide, across 42 industry verticals. Of that number, 700 are customers with whom the Group has a direct relationship through end-user agreements. Some of our partners also provide managed services platforms using Blue Prism robots servicing materially increasing the number of organisation that are currently using our product.

Another indicator of the growing adoption of our enterprise-grade product can be seen the Group's momentum in the period, securing almost 3x sales growth from the previous year - in H1 2018 the Group's total customer base stands at 700, compared with 271 in H1 2017. We have also continued to build our following and quality of engagement with our product, increasing the number of accredited developers and the number of accreditation exams taken which grew to 4,853 and 3,495, respectively. During the period we had exam candidates from 52 countries demonstrating the global adoption of Blue Prism robots. These figures clearly demonstrate the growing demand for Blue Prism's RPA proposition on a global scale.

Also encouraging remains the fact that strategic adoption of RPA continues to increase, with upsells again growing for the first half.

Such growth remains testament to the Group's continued focus on strategic upselling via the indirect channel, which continues to show progress - year to date, 53% of deals secured are upsells, with 298 upsells sold to 169 customers.

Employees

Supported by the net proceeds of the Group's placing earlier in the year, Blue Prism has continued to invest in its global operations to ensure management has the capabilities, expertise and resources to best address the rapid rate of growth the organisation is experiencing.

As at 30 April 2018, Blue Prism's global employee base increased from 187 employees (as at 31 October 2017) to 271 employees worldwide (30 April 2017: 127). This represents a 113% increase in headcount between H1 2017 and H1 2018, demonstrating our ongoing commitment to invest in the talent necessary to maintain our leadership in the RPA market and scale the business to capitalise on the growing opportunities ahead.

Further to recent openings in Sydney, Tokyo and Bangalore, as of 30 April, Blue Prism has opened additional new offices in Singapore, Germany and France, with an office opening in Hong Kong in the near future, adding further to the Group's geographic reach. The Group has also upgraded its offices in London to provide suitable space for customer and partner demonstrations and accommodate a growing team.

Executing Our Strategy

The Group has continued to accelerate commercial and international growth in the first half, making strong progress against the four areas of strategic focus as it seeks to build sustainable long-term shareholder value:

Building scalable development, sales and delivery channels

Blue Prism has built on the success achieved in 2017 and further broadened the Group's global sales distribution channel, which now includes some of the world's largest global firms as key strategic channel partners, including Accenture, EY, IBM, KPMG, Deloitte and HCL. Post-period end, the Group has also made progress in increasing engagement between partners and key customers via recent collaborations with Google and Microsoft, in which the Group will offer RPA services via Google Cloud Platform and Azure, respectively. We are collaborating with both Google and Microsoft to do joint product development such as being a member of the Microsoft AI Initiative. This will give Blue Prism customers accelerated access to AI capabilities and drive adoption of Intelligent Automation in the Enterprise.

The Group's partner certification programme is designed to maintain the highest possible standard of service and support within the Group's sales delivery model. During the past six months, Blue Prism has invested in further developing this programme. 22 partners are now certified (up from 11 in FY17) and 5 have now achieved Gold or Platinum level status, including EY (at Platinum), Accenture, Avanade, Deloitte and Symphony. Status levels are determined by a set number of criteria, including delivery skills (such as the number of accredited resources), plus implementation experience and success evaluated using our proprietary Client Capability Assessment (CCA) and Client Satisfaction Survey (C-Sat) methodology.

This community of customers and partners is increasingly engaged with Blue Prism RPA, its current benefits and its future potential. Already in the first six months, we have seen major household names such as Johnson Controls, Walgreens, Lloyds Banking Group, Prudential shared the successes they have experienced from Blue Prism RPA, along with the tangible benefits delivered for their businesses. The breadth and scale of support the Group continues to see from its partners and from the broader RPA community gives us yet further confidence in the scale of opportunity open to us as we progress toward our long-term goals.

Increasing business with the Group's customers

In keeping with our planned investment in scaling the platform, we have maintained momentum in strategic upselling via the indirect channel, with further growth again in upsells for the first half. In the period we have already secured 298 upsells across 169 customers, compared with 83 across 53 customers in H1 2017.

Blue Prism RPA continues to deliver transformational change within organisations at the enterprise level, with an increasingly broad use case and across a growing number of industry verticals. The Group set up a team to focus on providing RPA services to US federal, state and local agencies including the Higher Education market and the Government Contracting eco-system (the Government's trusted advisors) to better enable government authorities to optimise efficiencies and improve service levels at reduced cost. This is testament to the value Blue Prism RPA can deliver across industries, and a key strategic win for the business entering the vast public sector market, adding to our world-class commercial customer list across many verticals.

During the period, Blue Prism secured a major customer in UAE's leading financial services institution, Mashreq Bank, which is deploying Blue Prism RPA to increase productivity, improve customer experiences and deliver new services. The bank highlighted the security, scalability and ease of use as three major differentiators for selecting Blue Prism's RPA. This represents another case study of the enterprise-level use of our product, with Mashreq using our digital workers to automate dozens of mission-critical processes across multiple business functions, including banking operations, compliance, customer care and their technology help desk. Mashreq Bank has seen more than 150,000 secure and error free transactions processed daily, improving turnaround time by 65 percent on manual processes, and reduced customer complaints by 90 percent. In addition, individual branch productivity is up by 60 percent while employee costs are down by almost 87 percent since Blue Prism RPA was deployed.

The Group has also maintained its ongoing sales momentum, securing further customer wins across multiple industry verticals and geographies in core regions throughout EMEA, US and APAC. Adoption for Blue Prism RPA has continued to increase with new customer wins counting large, multinational organisations and household names including Sony, eBay, Dow Chemical Company and Air New Zealand, amongst several other major global businesses. These names also represent the success the Group has had in scaling its reach and market penetration into more diverse industries beyond just traditional financial and professional services, demonstrative again of the significance of the RPA market.

Executing on the Group's US market strategy

The Group has maintained its momentum in the US, which remains a market of strategic importance, and has accelerated its growth and headcount in the region. In line with our stated strategic objectives to expand sales and marketing efforts in the US, the Group has grown its US customer base by 269 per cent since H1 2017, which now stands at 214 (H1 2017: 58). Of that total, 79 are new customers (H1 2017: 32), 77 are upsells (H1 2017: 19), and 9 are renewals (H1 2017: 1).

The substantial progress made demonstrates both the growing demand Blue Prism is seeing for its RPA solution in the US, and at the same time the Group's increasing ability to scale operationally to meet the rise in demand. The Americas operations now account for 37 per cent of Group revenues. Significant US organisations continue to join our customer list, with brands such as Heineken, eBay and Johnson Controls becoming new US customers during the period.

Continuing investment in people and processes is a core part of our growth strategy and the US is no exception to this. Our US team now represents c.34 per cent of the Group's total global employee base. The majority of the employees are in Sales, Marketing and Customer Support.

Reinforcing the Group's market leadership to take advantage of RPA adoption

The Group has continued to reinforce its market leadership by continuing to invest in its product and its differentiation. We have built on the successful launch of Version 6; enhanced the commercialisation of our various partnership opportunities through our Technology Alliance Programme; and further strengthened Blue Prism's position by framing the Digital Workforce of the future with Six Intelligent Automation Skills - Knowledge & Insight, Planning & Sequencing, Visual Perception, Problem Solving, Collaboration and Learning. We believe that these Six Intelligent Automation Skills will transform the way organisations use technology to deliver true Operational Agility.

One of the key strengths to our approach is the value we derive from ever deepening integration of Blue Prism RPA with the wider technology ecosystem. Blue Prism customers not only gain access to our own technology, but also to the skill, intelligence and power of the technologies offered by the many firms in our ecosystem. These partnerships effectively enable us to pool the R&D budgets and smartest capabilities in the field of AI into a collaborative Digital Workforce ecosystem.

Blue Prism RPA continues to outperform peer technologies in key criteria for the Enterprise. In a recent benchmarking study, leading industry analyst HfS analysed Blue Prism RPA and its main competitors across a broad range of performance metrics and key criteria, following a survey of 359 users of the products. Blue Prism rated highly in areas across functionality, integration and support, scalability and flexibility, security and compliance, and business outcomes with the highest rating for functionality, security and compliance.

In May, the Group made additional progress in expanding our strategic relationships with the industry's largest technology firms. We announced new collaborations with Google and Microsoft to accelerate the adoption of Intelligent Automation and RPA in the Enterprise, in addition to a closer partnership with blockchain software company, identitii. Blue Prism additionally provided a spotlight on how companies including Bank of the West, ATB Financial, Henkel Global and Mashreq Bank have been able to quickly scale their digital workers and achieve 5x greater productivity, improved customer experiences and better operational agility.

We have also developed our formal Education Services department, following its launch in FY17, which continues to foster greater access, education and alignment between customers and partners. This has resulted in further growth in the Blue Prism developer community, with a 57 per cent increase in accredited Blue Prism developers to 4,853, up from 3,069 at FY17.

SUMMARY AND OUTLOOK

We are pleased with the ongoing progress we have made to the business. During the successful first six months of 2018 we have continued to maintain strong sales momentum, further developed our partner channel, accelerated global growth and continued to strengthen our organisation operationally. The sales momentum we have seen so far this year, coupled with a solid pipeline and increasing support from our partner network, gives us continued confidence as we go into the second half and beyond.

Alastair Bathgate, Chief Executive Officer

Financial Review

Introduction

The financial results for the first half of 2018 reflect a strong start to the year with continued sales momentum and investment into the business.

Revenues

Recognised revenue for the period increased 145 per cent to £22.9m (H1 2017: £9.3m).

Recurring licence revenue accounted for 93 per cent of recognised revenue at £21.4m (H1 2017: 91 per cent, at £8.5m). For full year 2017 the recurring licence revenue generated was £21.8m, 90 per cent of recognised revenue. Professional services revenue for the period increased to £1.4m (H1 2017: £0.8m) mainly due to a significant increase in Education services and Training revenues which accounted for £0.9m (H1 2017: £0.2m). Non-recurring revenue for the period were £0.1m (H1 2017: £0m) primarily from sponsorship of marketing events staged during the first half of the year.

The monthly exit run rate, which provide an indication of the underlying revenue momentum, increased 155% to £4.4m per month (H1 2017: £1.7m) and compares to £2.8m for October 2017. The monthly exit run rate reflects the recurring licence revenue released to the profit and loss account in the month of April.

Recognised revenue by region were as follows:

	H1 2018		H1 2017		Year-on-Year growth
	£'m	% of total	£'m	% of total	
EMEA	11.9	52%	5.8	62%	105%
Americas	8.4	37%	3.3	35%	155%
APAC	2.6	11%	0.2	3%	1,003%
Total	**22.9**		**9.3**		145%

Loss from Operations

Losses from operations for the period were £5.5m, including share-based payments, compared to £4.3m, including share-based payments, as the Group continued its strategy of growing the business globally and therefore invested further in its global sales and marketing activities as well as the underlying business infrastructure.

Foreign exchange gains / losses

The entity generated foreign exchange losses during the period of £0.03m. The losses generated during the period have arisen as a result of the changes in the GBP: USD exchange rate during the period.

Other comprehensive income

During the year the translation of the overseas subsidiaries from their local currency into the Group's reporting currency resulted in other comprehensive income of £0.2m.

Statement of Financial Position

Deferred revenue, which is the value invoiced less the recognised revenue in the year, increased to £35.8m (H1 2017: £16.5m, FY 2017: £27.3m). This increase is the result of the strong growth achieved in new business and includes prepayments of £6.4m (H1 2017: £2.0m, FY 2017: £5.2m) from a small number of customers who paid their multi-year license fees in advance.

Trade and other receivables increased to £19.3m (H1 2017: £9.5m, FY 2017: £14.9m).

There are no intangibles on the balance sheet and the research and development costs have been expensed as none of the expenditure met the criteria for capitalisation.

Cash Flows

Cash and cash equivalents at the period end were £54.6m (30 April 2017: £10.6m; 31 October 2017: £16.3m), reflecting the proceeds from the fund raising in January 2018 of £38.8m. The period end cash balance includes £6.4m in licence pre-payments represented above of which £1.4m were received during the period.

Ijoma Maluza, Chief Financial Officer

Blue Prism Group PLC

Consolidated statement of comprehensive loss for the six month period ended 30 April 2018

	Note	**Unaudited Six months ended 30 Apr 2018 £'000**	Unaudited Six months ended 30 Apr 2017 £'000	Audited Year ended 31 October 2017 £'000
Revenue	3	**22,926**	9,350	24,498
Cost of sales		**(8)**	(10)	(15)
Gross profit		**22,918**	9,340	24,483
Administrative expenses		**(27,109)**	(12,032)	(32,900)
Share based payments	9	**(1,180)**	(417)	(1,131)
Exceptional expenses		**(105)**	-	-
Operating loss		**(5,476)**	(3,109)	(9,548)
Finance income		**-**	3	3
Loss on ordinary activities before taxation		**(5,476)**	(3,106)	(9,545)
Income tax charge		**-**	-	(325)
Loss from operations		**(5,476)**	**(3,106)**	**(9,870)**

Blue Prism Group PLC

Consolidated statement of financial position at 30 April 2018

	Note	**Unaudited Six months ended 30 Apr 2018 £'000**	Unaudited Six months ended 30 Apr 2017 £'000	Audited Year ended 31 October 2017 £'000
Non-current assets				
Property, plant and equipment		**496**	216	400
Total non-current assets		**496**	216	400
Current assets				
Trade and other receivables	4	**19,125**	9,517	14,912
Cash and cash equivalents		**54,580**	10,639	16,331
Total current assets		**73,705**	20,156	31,243
Total assets		**74,201**	20,372	31,643
Current liabilities				
Trade and other payables	5	**7,529**	2,601	8,435
Deferred revenue	5	**31,017**	12,458	23,016
Total current liabilities		**38,546**	15,059	31,451
Non-current liabilities				
Deferred revenue	6	**4,747**	4,001	4,312
Total liabilities		**43,293**	19,060	35,763
Net assets/(liabilities)		**30,908**	1,312	(4,120)
Equity attributable to shareholders				
Issued capital	8	**1,714**	1,676	1,678
Share premium	8	**48,755**	9,335	9,625
Merger Reserve		**356**	356	356
Share based payment reserve		**2,383**	704	1,286
Foreign exchange reserve		**471**	(12)	314
Accumulated losses		**(22,771)**	(10,747)	(17,379)
		30,908	**1,312**	**(4,120)**

The consolidated statement of cash flows for the six months ended 30 April 2018

	Unaudited Six months ended 30 Apr 2018 £'000	Unaudited Six months ended 30 Apr 2017 £'000	Audited Year ended 31 October 2017 £'000
Cash flows from operating activities			
Loss before tax	**(5,476)**	(3,106)	(9,870)
Adjustments for:			
Depreciation	**108**	40	105
Finance income	**-**	(3)	(3)
Income tax expense	**-**	-	325
Share based payment expense	**1,180**	417	1,131
	(4,188)	**(2,652)**	**(8,312)**
Operating (loss)/profit before working capital changes			
Changes in working capital			
Increase in trade and other receivables	**(4,213)**	(3,932)	(9,327)
Increase in trade and other payables and deferred revenue	**7,923**	5,399	22,017
Cash (outflow)/inflow from operating activities	**(478)**	**(1,185)**	**4,378**
Investing activities			
Interest received	**-**	3	3
Purchase of property, plant and equipment	**(229)**	(98)	(347)
Net cash outflow from investing activities	**(229)**	**(95)**	**(344)**
Financing activities			
Proceeds from the issuance of ordinary shares	**39,006**	143	435
Net cash inflow from financing activities	**39,006**	**143**	**435**
Net change in cash and cash equivalents	**38,299**	(1,137)	4,469
Cash and cash equivalents at the beginning of the period	**16,331**	11,788	11,788
Effect of movements in exchange rates on cash and cash equivalents	**(49)**	(12)	74
Cash and cash equivalents at the end of the period	**54,580**	**10,639**	**16,331**

Blue Prism Group PLC

Notes forming part of the financial statements for the six months ended 30 April 2018

1. Accounting policies

The principal accounting policies applied in the preparation of these interim financial statements are summarised below. They have all been applied consistently throughout the current and preceding period.

Basis of preparation

The financial information presented in these interim financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the EU. The principal accounting policies adopted in the preparation of the financial information in this announcement are unchanged from those used in the audited financial statements for the year ended 31 October 2017 and are consistent with those that the company expects to apply in its financial statements for the year ended 31 October 2018.

The financial information for the periods ended 30 April 2018 and 30 April 2017 presented in these interim financial statements do not constitute the statutory accounts for those periods, and are unaudited. The company's Annual Report and Accounts for the year ended 31 October 2017 have been audited and filed with the Registrar of Companies. The Independent Auditors' Report on the company's Annual Report and Accounts for the year ended 31 October 2017 was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006.

Basis of accounting

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of the Group have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') and their interpretations which have been issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union. They have also been prepared with those parts of the 2006 Companies Act applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The financial statements of the Group have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') and their interpretations which have been issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union. They have also been prepared with those parts of the 2006 Companies Act applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Revenue recognition

The Group recognises revenue depending on the substance and legal form of the contracts with its customers. Revenue is recognised once a legally binding contract between the Group and its customers has been established and the delivery of the service has commenced. Service delivery is triggered by providing a 'software key' to the customer, and the commencement date of the license is reached, allowing them access to the software for the license period.

Revenue includes the provision of a license through a software key, follow up support, and maintenance, throughout the term of the license. Provided the amount of revenue can be measured reliably and it is probable that the Group will receive consideration, revenue from the provision of a license and follow up services is recognised from the license start date over the period of the license, which is also the period in which the services are rendered, on a straight-line basis.

Licence fee revenues, support revenues, and maintenance revenues are bundled together, as the revenue streams have no individual value as standalone items, due to the specific nature of the software, and the specific nature of the support services and maintenance. As such, these elements are considered as being intertwined and therefore inseparable due to their value together. Maintenance is incurred throughout the licence term on an ongoing basis. Support is provided throughout the license period, and varies depending on how the customer chooses to deploy the software.

Revenue for these licenses, support, and maintenance are recognised on an accruals basis; when invoiced in advance, the income is deferred in the statement of financial position and recognised in the income statement over the length of the licence and maintenance period. This policy is consistently applied across all customers and contracts.

Professional services revenues are recognised when the service has been delivered. If billed in advance, the income related to consultancy days not yet delivered at the end of the period is deferred and recognised in the income statement when the service takes place.

Training revenues are recognised at the point the training course has been completed.

Sales commission

Sales commission is recognised in the profit and loss in wages and salaries at the point at which the contract is signed and paid once the initial invoice has been collected. This is recognised up front as opposed to deferring this cost over the period of the contract as it is deemed an introductory fee, and is not affected by the future performance of a contract.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss. At the balance sheet date the non sterling-balances of the overseas entities are retranslated at the rate ruling at the Balance sheet date and the foreign exchange gain or loss is shown in foreign exchange reserves.

Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business and are stated net of any provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default, or significant delay in payment) that the Blue Prism Group will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial assets

The only financial assets held by Blue Prism Group plc are trade receivables and other cash and cash equivalents. Due to their short term nature, the carrying value of cash and cash equivalents, trade and other receivables approximate their fair value.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through income statement.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

2. Key accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Licence fee revenues, support revenues, and maintenance revenues are bundled together, as the revenue streams have no individual value as standalone items, due to the specific nature of the software, and the specific nature of the support services and maintenance. As such, these elements are considered as being intertwined and therefore inseparable due to their value together. Maintenance is incurred throughout the licence term on an ongoing basis. Support is provided throughout the license period, and varies depending on how the customer chooses to deploy the software. The key judgements are that the different elements are bundled together due to the fact the two parts are intertwined with each constituent part been deemed to have no value as a stand alone function, and as such all elements are recognised together, spread over the license period.

- Research and development costs - Under IAS 38, Research and development costs, internally generated technology should be capitalised if the capitalisation criteria are met. Assumptions and judgements are made with regard to assessing the expected future economic benefits, the economic useful life and the level of completion of the databases. Under IAS 38, at the point where activities no longer relate to development but to maintenance, capitalisation is to be discontinued.

  The key judgements here are defining the cut-off point between when research ends and development starts, and reliably measuring the expenditure attributable to the asset. An assessment is made when looking at the costs incurred and criteria for development costs, including the commercial and technical viability of the costs being assured. The main costs attributed to research and development costs is that of payroll, with research and development team tasked with other aspects of quality assurance, customer support, project management, along with other tasks. Therefore, further to considerations above, it is therefore difficult to ascertain the cut-off between research and development, and to quantify any value between each within the business.

3. Segmental analysis

The Group has one operating segment being the licensing of Robotic Process Automation (RPA) software used to automate routine, rules-based, back office processes.

The Group operates in three geographical areas: EMEA, the Americas and APAC. The Board of Directors only monitors revenue on this basis. Business performance is otherwise monitored by reference to total results against budget.

Revenue for each of the geographical areas is as follows:

	Unaudited Six months ended 30 Apr 2018 £'000	Unaudited Six months ended 30 Apr 2017 £'000	Audited Year ended 31 October 2017 £'000
Revenue from EMEA operations	**11,862**	5,749	13,767
Revenue from The Americas Operations	**8,418**	3,291	8,950
Revenue from The APAC operations	**2,646**	310	1,781
Total	**22,926**	**9,350**	**24,498**

The Group currently has two key sources of revenue:

1. Licencing - for the provision of software licences, where the agreement is established by way of a legally binding contract between the Group and its customers. Maintenance and support services are included in the Licence fee.

2. Professional services and training - where the partner or customer requires consultancy or training on a project by project basis.

Revenue for each of the sources is summarised as follows:

	Unaudited Six months ended 30 Apr 2018 £'000	Unaudited Six months ended 30 Apr 2017 £'000	Audited Year ended 31 October 2017 £'000
Licences	**21,455**	8,517	22,321
Professional Services and Training	**1,471**	833	2,177
Total	**22,926**	**9,350**	**24,498**

Assets, liabilities and sources of revenue are not analysed by geography as the business performance measure utilised by the chief operating decision maker, the Board of Directors, is the total business result. No customers accounted for 10% or more of the recognised revenues.

4. Trade and other receivables

	Unaudited Six months ended 30 Apr 2018 £'000	Unaudited Six months ended 30 Apr 2017 £'000	Audited Year ended 31 October 2017 £'000
Trade receivables	**17,627**	8,806	13,547
Less; provision for impairment of trade receivables	**(16)**	-	(15)
Trade receivable net	**17,611**	8,806	13,532
Prepayments and other debtors	**1,514**	711	1,380
Total	**19,125**	9,517	14,912

5. Trade and other payables

	Unaudited Six months ended 30 Apr 2018 £'000	Unaudited Six months ended 30 Apr 2017 £'000	Audited Year ended 31 October 2017 £'000
Trade payables	**1,548**	382	1,552
Other taxes & social security costs	**947**	506	1,753

Deferred revenue	**31,017**	12,458	23,016
Accruals	**5,034**	1,713	5,130
Total	**38,546**	15,059	31,451

6. Non-current liabilities

	Unaudited Six months ended 30 Apr 2018 £'000	Unaudited Six months ended 30 Apr 2017 £'000	Audited Year ended 31 October 2017 £'000
Deferred revenue due after more than one year	**4,747**	4,001	4,312

7. Basic and diluted loss per share

	Unaudited Six months ended 30 Apr 2018	Unaudited Six months ended 30 Apr 2017	Audited Year ended 31 October 2017
Weighted average number of shares used in basic EPS (000)	**65,300**	62,231	62,371
(Loss) after tax (£'000)	**(5,476)**	(3,106)	(9,545)
(Loss) per share (p)	**(8.39)**	(4.99)	(15.30)

Where the Group has incurred a loss in a year the diluted earnings per share is the same as basic earnings per share as the loss does not get diluted.

Basic and diluted loss per share is calculated by dividing the loss after tax attributable to the equity holders of the Group by the weighted average number of shares in issue during the year.

8. Share capital

Allotted and fully paid up:

	Unaudited Six months ended 30 Apr 2018 £'000	Unaudited Six months ended 30 Apr 2017 £'000	Audited Year ended 31 October 2017 £'000
Ordinary share capital	**662**	624	626
Deferred shares	**1,052**	1,052	1,052
Balance at period end	**1,714**	1,676	1,678

Issued and fully paid up

	Number of shares	**Share capital** £'000	**Share premium** £'000
Total ordinary shares at 31 October 2016	**62,210,968**	**622**	**9,194**
Share options exercised in the year	452,665	4	431
Shares issued under the company Share Investment Plan	586	-	-
Total ordinary shares at 31 October 2017	**62,664,219**	**626**	**9,625**
Share issues in the six-month period to 30 April 2018	3,566,992	36	40,380

Cost of issuing new shares			(1,250)
Total ordinary shares at 30 April 2018	**66,231,211**	**662**	**48,755**

Ordinary Shares are classified as equity.

As part of the Group restructure for the IPO, the preference shares of £1.00 each and the B preference shares of £1.00 held by shareholders were converted into Ordinary Shares and deferred shares of £0.01. The conversion resulted in those shares converting into 2,994,755 Ordinary shares and 105,269,845 deferred shares of £0.01 as follows:

Number of		
	Deferred shares	**Nominal value**
Deferred shares	105,269,845	1,052,698

The deferred shares carry no voting rights and the right to a return of a maximum of £0.001 on a winding up of the company.

9. Share Options

In February 2016 the Company established an Employee Share Plan and a Non-Employee Share Plan (together the "Share Plans"). The Employee Share Plan is administered by the remuneration committee of the Board and the Non-Employee Share Plan is administered by the Board. Awards under the Share Plans take the form of options to acquire Ordinary Shares with an exercise price equal to the market value of an Ordinary Share on the date of grant. All employees of the Group may be granted awards under the Employee Share Plan. Non-Executive directors and consultants of the Group may be granted awards under the Non-Employee Share Plan. All options under the Share Plans are ten year options. The Employee Share Plan options for staff vest over a three year period, one third each year. Directors' options under the Employee Share Plan vest at the end of the three year period. Options awarded under the Non-Employee Share Plan vest over three years, one third each year.

In December 2016 the Company established a Company Share Option Plan (the "CSOP"). The CSOP is administered by the remuneration committee of the Board. The CSOP has been designed so as to be capable of being certified as a "Schedule 4 CSOP" (as described in schedule 4 of the Income Tax (Earnings and Pensions) Act 2003). The rules of the CSOP have been drafted so as to mirror those of the Employee Share Plan save where a different approach is required to ensure that the CSOP may qualify as a Schedule 4 CSOP. The Awards under the CSOP take the form of options to acquire Ordinary Shares with an exercise price equal to the market value of an Ordinary Share on the date of grant. The CSOP is used in conjunction with the Employee Share Plan when making Awards to the Group's UK employees, such that for staff the total number of options in an Award (under the Employee Share Plan and CSOP combined) vest over a three year period, one third each year, although the relative proportions of options due to vest under the CSOP and the Employee Share Plan may vary from year to year. Directors' options under the CSOP vest at the end of the three year period from the date of grant.

During the six-month period to 30 April 2018, 449,966 (2017: 1,193,203) share options have been granted under the above schemes. The cost of these options in the first year under the Black-Scholes option-pricing model was £699,861 (2017: £1,512,703). Of this £171,660 (2017: £1,131,433) has been charged to the profit and loss for the year.

The exercise price of options outstanding at 30 April 2018 ranged between 78p and 1558p (2016: 78p and 1344p).

In August 2017 the Company established two new plans to facilitate and encourage purchases of the Company's shares by employees of the Group in the UK and USA.

For the Group's UK employees, the Company established a Share Incentive Plan (the "SIP"). The SIP has been designed so as to be capable of being certified as a "Schedule 2 SIP" (as described in schedule 2 of the
Income Tax (Earnings and Pensions) Act 2003). The SIP is open to all of the Group's UK employees. Participating employees may elect to save funds by means of deductions from pre-tax salary up to a maximum contribution per employee of £1,800 per tax year. Funds thus deducted are held for the benefit of the employee under a UK resident trust established for the purpose (the "SIP Trust"). The trustee of the SIP Trust uses the accumulated funds each month to make market purchases of Ordinary Shares to be held under the SIP Trust for the employee ("Partnership Shares"). For each Partnership Share purchased under the SIP, the Company awards one free matching Ordinary Share, also to be held under the SIP Trust (a "Matching Share"). Matching Shares must normally be retained within the SIP Trust for 3 years from the date they are awarded.

For the Group's US employees, the Company established an Employee Stock Purchase Plan (the "ESPP"). The ESPP is designed to be a qualified employee stock purchase plan within the meaning of Section 423 of the US Internal Revenue Code of 1986. Participating employees may elect to save funds by means of deductions from post-tax salary to be accumulated towards the purchase of Ordinary Shares up to a maximum contribution per employee of $25,000 per tax year. Funds are accumulated during a series of "Offering Periods", normally of six months each, at the end of which the employee may use the accumulated funds to purchase Ordinary Shares or to have the funds repaid to them without interest. If the funds are used to purchase Ordinary Shares, the purchase may be made at a discount of 15% from whichever is the lower of the market value of Ordinary Shares at the beginning or the end of the Offering Period.

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