Connected RPA: Powering the connected enterprise

Annual Report and Accounts 2018

Welcome to our 2018 Annual Report

At Blue Prism, we believe that technology has the ability to unlock potential for your business and our platform enables this.

Contents

Annual Report 2018

Scaling for growth

2018 revenue

£55.2m

Increase in revenues

125%

See pages 26-27

Unlocking potential

Investing in growth, expanding globally. See our Strategic Framework.

See pages 18-21

Growing customer base

Find out more about how our customers use us in our case studies.

Customers

992

See pages 6-11

We have made great progress in the year, more than doubling revenues, while investing in the international growth opportunity.

Operational highlights

Very strong sales momentum

1,359 software deals secured (FY2017: 609), consisting of:

- 528 additional customers (FY2017: 324)
- 723 upsells, secured across 310 customers (FY2017: 264 upsells across 131 customers)
- 108 renewals
- Customer base of 992 (FY2017: 477)

Excellent progress in the key US market

- 349 customers (FY2017: 135)
- 214 new customers (FY2017: 109)
- 29 renewals

Ever expanding reach

- New offices opened in Singapore, Hong Kong, France and Germany. Office network now covering 9 countries
- Global employee base of 469 (FY2017: 187)
- Distribution partner network of 95
- Over 78,000 registered users
- 8,500 accreditations issued over 64 countries
- Blue Prism World events hosted, with over 3,000 attendees across both, as well as 12 webinar ‘Cafe’ events and local Pulse events

Continually developing product, backed by an alliance of technology partners

Blue Prism Digital Exchange launched which allows customers direct access to in-house technologies and third-party content-enabling access to our ecosystem of technology partnerships

We are continually improving our product offering, and building an organisation to support future growth.

Financial highlights

Revenue
£55.2m

2018	**£55.2**
2017	£24.5

Recurring licence revenue (%)
94%

2018	**94%**
2017	90%

Exit monthly recurring revenue
£5.6m

2018	**£5.6**
2017	£2.8

See page 22 for definition

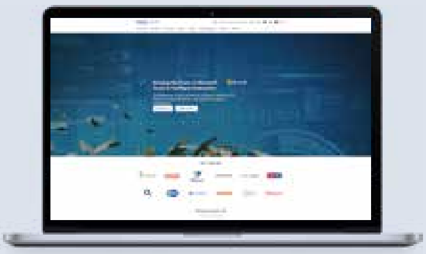
Adjusted EBITDA
£(21.6)m

2018	**£(21.6)**
2017	£(8.3)

Adjusted EBITDA is the loss for the year after adding back share-based payments and associated taxes, depreciation and amortisation

Cash
£50.5m

2018	**£50.5**
2017	£16.3



To find out more see www.blueprism.com

Our software puts cutting edge technology in the hands of business leaders, so that they can build a Digital Workforce that reshapes the way they achieve their objectives.

Our vision

To provide an enterprise software solution that empowers business leaders to respond to ever changing business needs by leveraging a Digital Workforce that utilises leading edge technologies.

It is built on 3 key principles:

- Business led: we empower the operation to deliver business outcomes
- Controlled: we provide simplicity with governance to support scale
- Intelligent: we surface skills from an ecosystem of digital ideas to deliver the power of choice

What is the problem?

Every organisation today is a technology company, whatever the sector it operates in. New, disruptive technologies are emerging at an increasingly rapid rate, changing the ways consumers behave and giving rise to new, dynamic competition. This creates a digital entrepreneur gap, leaving established businesses vulnerable. Business leaders need to be increasingly agile, with access to the same technologies as the ambitious new start-ups while mitigating the burdens of legacy systems or business models.

How we solve it?

We close the gap using *connected-RPA (robotic process automation)*. Our market leading software delivers a Digital Workforce, who can be quickly implemented and trained to work seamlessly between applications such as legacy IT systems, delivering processes accurately and with speed. The Digital Workforce can be managed by the business leaders themselves, who can make sure it is focused on the tasks that matter most to the business at that point in time, the same way you would manage a team of people. The workforce is configured and managed within an IT governed framework, so IT departments can remain comfortable with the security and resilience of the digital workforce, while the business leaders can manage and amend it to suit their needs at the time.

We have access to a wide network of technology partners such as Google and Microsoft who are developing new, innovative tools in areas such as Machine Learning and Artificial Intelligence. We aim to ensure that these developments are readily available to the digital workforce, improving their capabilities at the same pace as technology is released.

There is also a network of developers, working on applications that use the Blue Prism platform as a base for their technologies, adding specific skills to the Digital Workforce all the time.

These tools and skills can be accessed directly by the business leaders using the Blue Prism Digital Exchange, meaning they are better and more equipped to meet the changing consumer and competitive world. The end result is a connected entrepreneur enterprise that provides a competitive edge and closes the gap.

We are used by almost 1000 organisations worldwide, including eBay, Fannie Mae, Sony, E.ON, Santander, Hyundai, DuPont and PayPal.

How we do it

The Blue Prism digital worker interacts with other applications such as email, or ERP (Enterprise Resource Planning) systems in the same way a human worker would. The software robot can be trained by operational staff, using defined rules and they don't need coding expertise to do this.

The Digital Workforce learns new processes as the organisation needs them, and can incorporate new skills and tools seamlessly. Any change is immediately adopted by the entire workforce.

Blue Prism work with a network of distribution and delivery partners (such as EY, Accenture and Deloitte) who will help business leaders identify opportunities for the Digital Workforce in their organisations

The partner and Blue Prism will work to deploy the software into the organisation, and make sure operational teams know how to train the Digital Workforce, in case they need to amend workflows or want to add tasks

The Digital Workforce will run all the processes they are trained to do, either based on a server or in the cloud, with no attendance or desktop required. It can prioritise tasks based on requirements

Customers
992

Distribution partners
95

Countries served
67

What this means for our customers

Blue Prism's Digital Workforce provide the following benefits to our customers:

Productivity & efficiency
- The Digital Workforce can deliver any task, quickly, accurately and to scale
- It runs 24/7, completing even the most repetitive task without compromising quality
- Using software robots to complete rules based tasks frees up human workers to commit more time and focus to higher value activities they are more suited to, involving communication, empathy and judgement
- Customer service can improve as fewer mistakes are made, and time can be spent with customers directly

Access to market leading technology
- Customers have access to continual product development, and a range of skills and capabilities from our technology partnerships
- Business leaders can continually improve operations based on the latest technologies available, meaning they are able to respond to opportunities that new disruptive technology can present with agility

Technology partners
>15

Security and compliance
- Multiple processes can be delivered simultaneously across the organisation
- Security improves by removing human fraud, error, intrusion to sensitive data and malpractice
- All Blue Prism processes are clearly mapped and auditable, beneficial in regulatory compliance

Walgreens

Putting people where the value is.

Walgreens use Blue Prism's Digital Workforce to improve HR to give their team members more time to increase customer interactions.

Store managers in Walgreens spend significant time managing the recruitment of new staff.

Blue Prism and the HR shared service team began to automate parts of the hiring process, such as requisition creation, to give managers more time to focus on customers. Additionally, Blue Prism has increased the existing bandwidth in HR shared services to assist over 300 stores with centralised administrative support without adding additional costs.

Walgreens hire

95,000 to 100,000

employees a year

> Managers can now spend their time helping customers, not finding somebody to help a customer.

Curt Burghardt
VP of shared services and systems

Applying cognitive technologies to RPA, bridges the gap between humans and IT systems – where all parties increasingly work more seamlessly together – to enable continual, digital transformation.

24/7 availability.

Siemens use the Digital Workforce to manage invoice payment queries.

The Digital Workforce use an integrated chatbot to automate and orchestrate invoice status related inquiries using real-time ERP and workflow data.

It interprets intent, collects the required information, retrieves real-time status from back-end systems, sends a response to the users and if not resolved, creates a ticket – which is passed to a human service agent. The result is reduced manual effort, 24/7 availability and faster response times.

Improving customer service.

Postbank use the Digital Workforce to reallocate employees to higher quality tasks, while improving customer service.

By using the Digital Workforce for tasks previously managed by employees, Postbank were able to free up existing employee resource to focus on the growing business. They were also able to improve customer service, as the Digital Workforce work in the same way each time - always fast and to the same level of quality – accelerating the processing of orders and saving customer's time.

Our market continues to grow and develop rapidly as new customers are attracted by the returns, efficiency and customer service gains that RPA can bring, and existing customers begin to realise the organisation wide potential of their initial adoption.

We are a thought and market leader providing connected-RPA. Our Digital Workforce, supported by our partners and our people can lead transformational change in organisations, and we believe the potential is only just starting to be realised.

Who are our customers?

We are focused on enterprise scale organisations. Within these organisations our primary customers are the business leaders themselves who we provide a Digital Workforce which allows fast response to changing customer needs and provides direct access to the rapidly evolving technology network of our partners. We also work with the IT departments, who we offer security and governance, to avoid the threat of 'grey IT'.

We believe that in today's world every business is a technology business, that needs to be able to respond to the threats and opportunities that new, disruptive technology can bring. As a result we see our potential market as covering all sectors. We currently operate over multiple sectors, with the key ones being banking, insurance, financial services, professional services, telecoms and utilities.

In addition to new customers there is a market driven by existing customers, who having used Blue Prism, establish further opportunities to deploy a Digital Workforce and improve performance. New technology also provides increased use cases. In 2018, we completed 723 upsells, where customers added to their Digital Workforce.

What do industry experts say about our market?

Sizing the potential market and the scale of the opportunity ahead continues to be a subject for debate amongst industry and financial analysts, but there is a consensus that the marketplace is in its infancy.

In August 2018, HfS ("Horses for Sources") estimated the market for enterprise robotic software and services to have grown 47% in 2018 to surpass $1.5bn in total. Looking further ahead Forrester estimates that there will be more than 4 million robots in office and administrative roles as well as sales and other tasks by 2021, with an approximate market size of around $2.9bn.

Customers are also talking about RPA. A Deloitte survey of 400 companies found that 78% were likely to increase, or significantly increase, their RPA investments in the next three years.

There is also commentary around the attractiveness of RPA to businesses. A 2017 study by Forrester found the introduction and development of business process automation offers returns on investment, in the first year alone, of up to 200 per cent.

It is important to note that while industry analysts focus on RPA as a whole, we believe our connected-RPA is unique in the way it enables business leaders to challenge and embrace new technologies using an IT compliant approach.

Who are the competition?

The scale of the market opportunity means we operate in a competitive market. Industry analysts such as Forrester and HfS point to Blue Prism, Automation Anywhere and UI Path as the market leaders.

We differentiate from the pack by delivering connected-RPA, which means we have several distinct competitive advantages.

- Business led, enterprise focused, controlled and intelligent
- Our Robotic Operating Model ("ROM") – users can easily manage our no code platform
- Product – our product is market leading – rated first for functionality, security and compliance by HfS
- Our platform approach, bringing the latest technologies from a wide range of sources directly to business leaders
- Channel relationships – our distribution and implementation partner network means we have access to opportunities across a range of organisations including the world's largest companies

As with any competitive advantage these must be invested in to be sustained and our strategy is focused around enhancing and developing these core differentiators.

More detail about the strategy can be found from page 18.

References:
Forrester Total Economic Impact Study Commissioned By Blue Prism – November 2017
Deloitte: The Robots are ready. Are you? – 2017
Forrester: The RPA Market Will Reach $2.9 Billion by 2021 – February 2017
Forrester: The Forrester Wave: Robotic Process Automation, Q2 2018
HfS Benchmark Report: Detailed assessment of the 10 leading RPA products – June 2018
HfS Top 10 RPA Products 2018 – August 2018

2018 market size

$1.5bn

+47%

Source: HfS

Over 3 years

78%

of RPA users surveyed will increase their investments

Source: Deloitte survey

Return on investment

200%

Source: Forrester

How global is the marketplace?

As the market develops the global opportunity becomes clearer. Blue Prism now has offices in 9 countries, with new openings in France, Germany, Singapore and Hong Kong. Customer reach is beyond this, with customers in 67 countries.

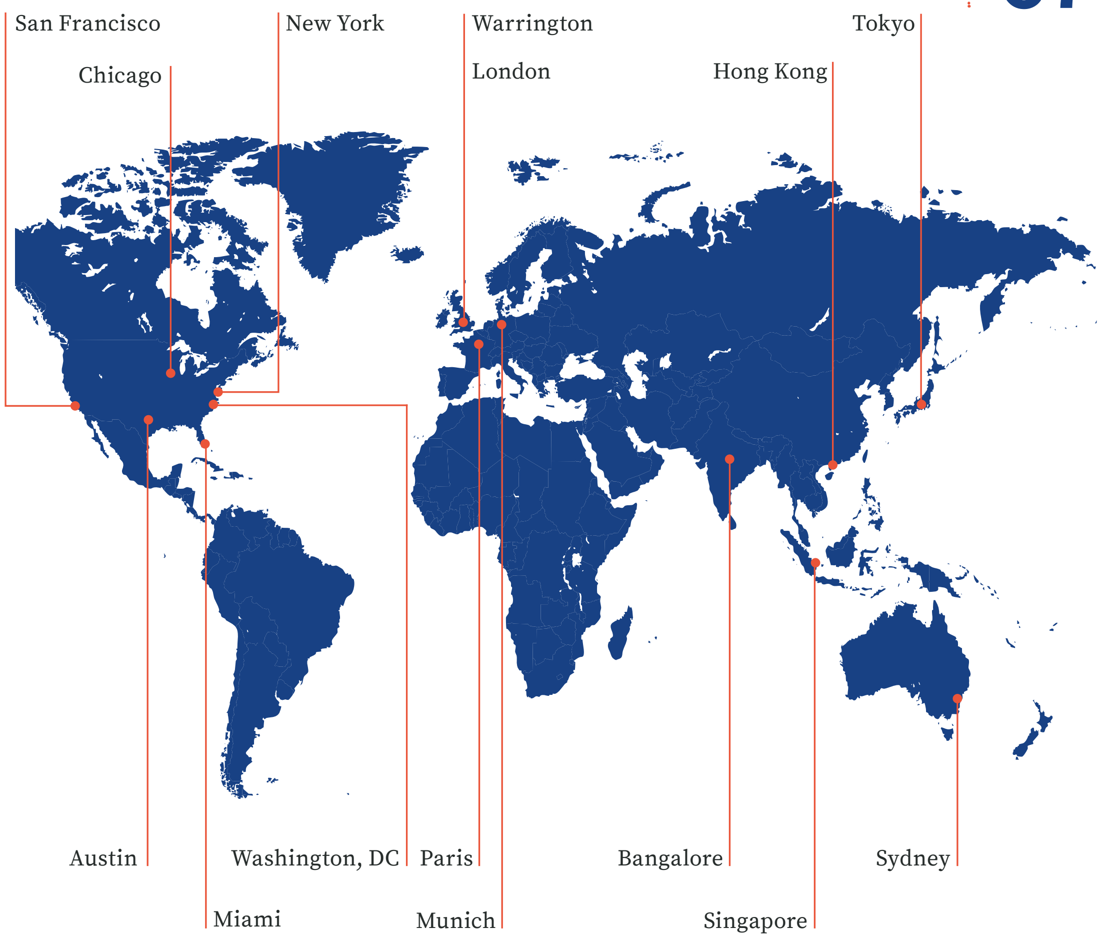
The US remains a key strategic priority, but there is good potential globally and we are committed to increasing our reach.

Number of offices

15

Number of countries we sell to

67



We work with our distribution partners and technology partners to deliver a digital workforce that helps business leaders fulfil their goals today, and gives them access to new disruptive technologies, which can provide opportunities in the future.

Key inputs

People and expertise
- Innovative and creative engineers, leading sales and customer success and support, robust back office functions.

A market leading product
- Provides intelligent automation that is business led.
- Places best in class technologies with business leaders.

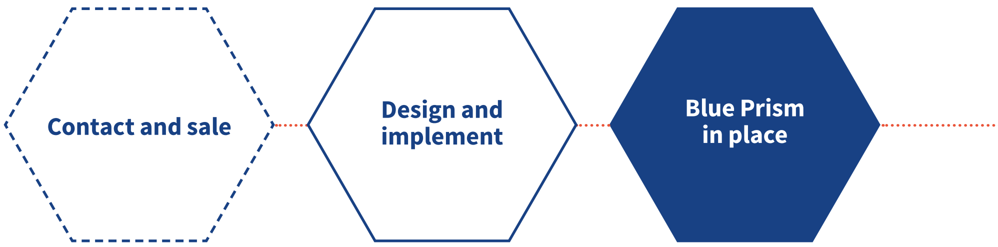
Technology partnerships
- Combine with product development to provide customers access to new, disruptive technologies.

Strong financials and balance sheet
- Licence model provides good revenue visibility.
- Predictable cash generation: we use the cash generated to reinvest back in the business for further growth.

Reseller partnerships
- Our distribution and delivery channels.
- Highly aligned partner community.

What we do

Introducing our digital workforce solution



Blue Prism sales and distribution partners establish contact with a customer and establish how Blue Prism could work with the organisation.

When contracted, the distribution partners supported by Blue Prism will help the customer implement the digital workforce.

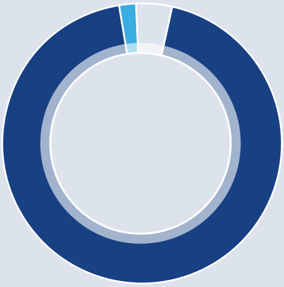
How we generate revenue

2% Professional services

We provide other professional services including advisory and assurance on the Robotic Process Automation

94% Licences

We sell software licences for our Digital Workers and the right to future software upgrades, standard maintenance and support



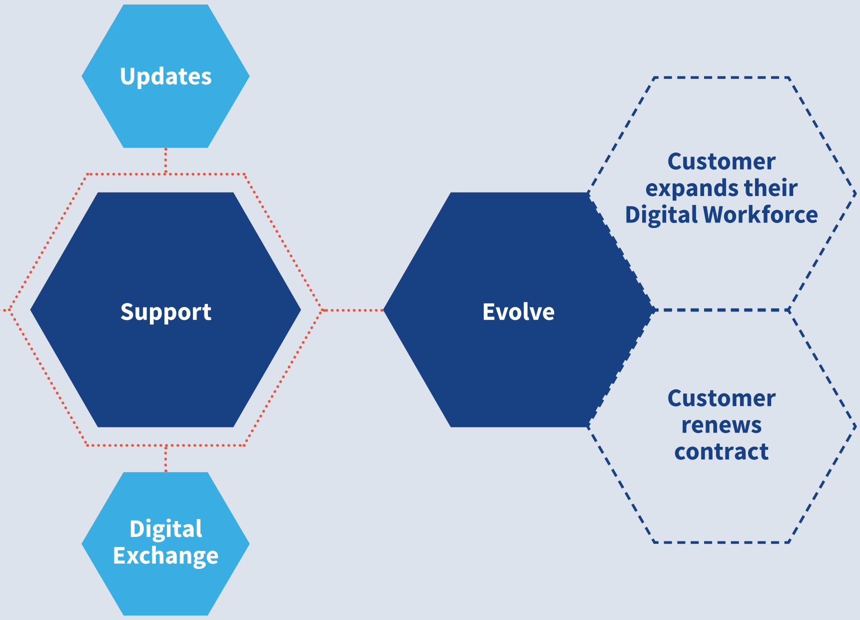
4% Education and other

We provide training and education around the optimal deployment of our Digital Workers. Other is items like sponsorship of our Blue Prism World events

Deepening the customer relationship

Blue Prism regularly issues product updates, which improve performance or add features to the operating system.

Blue Prism sales and channel partners help establish new opportunities.



New technologies are continually offered and updated by our technology partners at the application level. These are available via our Digital Exchange.

Blue Prism sales and channel partners work with a customer to renew their existing contract.

How we add value

- We employ engineers to develop a Digital Workforce that we licence to end user customers.
- We continue to invest in R&D programmes to enhance the (intelligent) skills of our Digital Workforce and sustain our differentiation.
- We distribute and deliver the Digital Workforce to the end customers through our reseller partner network. Our partners benefit from the discount that they obtain by acting as a reseller and, in most cases, benefit from services revenue that they generate by delivering the software robots to the end customers.
- We have created an ecosystem of technology partners that provide end users with access to the latest in technology developments and innovation.
- We use our Robotic Operating Model, a proprietary methodology for implementing the Digital Workforce. We believe that this maximises the value that our customers get from their Workforce, increasing loyalty and increasing the chance of upsells.

We can deliver real, transformational value to our customers, positioning us well for future growth

Our values

- P We are Professional – smart in both thought and presentation
- R We argue passionately and openly but we have Respect for each other and a consensual style
- I We act with Integrity in our business dealings
- S We strive for Success – we are totally committed to being the best we can be
- M We eMpower our people to act in the interests of the Company

Alastair Bathgate
Chief Executive
Officer

Upsells
+174%

Assets on the Digital Exchange (January 2019)
79

Overview

2018 was another year of exceptional progress and excellent commercial momentum. We saw global growth , with revenues in EMEA up 96%, Americas up 137% and APAC up 294%. In total our revenues were up 125%, a very strong achievement. Importantly these revenues are all very high quality, with 94% coming from license sales.

Customers are becoming more and more aware of the potential of the Digital Workforce and how it can transform a business and the way we work today. New customers are attracted by the testimonies and recommendations of early adopters, which they can see via our Blue Prism World events and Blue Prism Café series, where customers talk about their experiences and share best practices, or from recommendations by our channel partners. Our upsells are a key demonstration of the value that our customers continue to realise from deploying our products. Upsells increased 174% in the year as customers, impressed by the return on investment that they had achieved, extended both the level of automation within existing processes as well as deploying RPA in new areas of their organisations.

We are continuing to invest in these markets, expanding our global reach and ensuring we remain a market leader in a competitive marketplace. As a result we invested ahead of revenues this year, and are forecast to do so next year.

Communicating our difference

We operate in a noisy marketplace, with multiple vendors offering different products that claim to solve the same problems. Our *connected-RPA* is unique in driving business-led automation in an IT endorsed and controlled environment. We are focused on communicating this differentiation to set ourselves apart from the crowd.

Strategic pillars

In this competitive market our product, methodology, distribution channels and our people set us apart. Our strategy is designed to build and capitalise upon these advantages, and we have 4 strategic priorities on which the organisation centres its activities:

- Building scalable development, sales and delivery channels
- Increasing business with our existing customers
- Focusing on the key US market
- Using our market leadership to continue to attract new customers

> Every employee of Blue Prism receives share options or awards – they are truly vested in our long-term performance and each a steward of the business.

In January 2018 we raised £40m in a placing to the market in order to deliver several objectives that could underpin and accelerate our strategic goals. You can find more detail on our strategy and how we have used those additional funds from page 18.

Our people

In particular, key to our continued growth is our people. We are investing a great deal in new employees, to support our sales efforts, continue to develop our product, and build out the structures and departments needed by the Blue Prism of today, and the far larger Blue Prism of tomorrow. Our employee base is now 469, over double that at the end of 2017, and this has continued to increase further in 2019.

The management team and I are clear that people are vital to our continued success, and we dedicate a lot of time and effort to make sure that all new recruits have the right skills, attitudes and cultural fit. As a result we have a robust recruitment methodology, and a well defined cultural framework to assess potential employees. I also believe ownership truly empowers, and as a result every employee of Blue Prism receives share options or awards when they join the Company – they are truly vested in our long-term performance and each a steward of the business.

The new Blue Prism Digital Exchange, find out more on page 24

Looking ahead

Looking ahead to 2019 I am often asked what I am most excited about. In truth there are many, many things going on across Blue Prism that continue to excite and amaze me in their potential, but if I had to point to one it would be the Blue Prism Digital Exchange. I like to think of this as an ‘app store’ for Blue Prism, where new and existing customers can find features from Blue Prism or our technology partners that can enhance their digital workforce. Despite only launching in November, the site already contains 79 unique assets. It throws open the potential for Blue Prism to be truly transformative to an organisation, and leverages the cutting edge of technology that is in the market today. You can read more about our product and the digital exchange on page 24.

Finally, I would like to take a moment to thank Jason Kingdon for his contribution to Blue Prism over the past 10 years as Chairman. Jason has been a great supporter of Blue Prism and has helped steward the business to where it is today. The Board are engaged in a search for Jason’s successor and he will remain in place until we have appointed a replacement.

I am excited by what lies ahead in 2019, as we continue to grow into the market we helped establish. The RPA market is thriving, and we at Blue Prism have what it takes to make the most of this. I am very proud to be leading the Company as we move ahead.

Alastair Bathgate
Chief Executive Officer

We have a clear, deliverable strategy that will make sure we maintain our position as market leader, and grow with the market.

In January 2018 we raised £40m so that we could drive our strategy forward at pace. While raising these funds we set ourselves some specific objectives, which enhance our existing strategy. These were:

	Priority set at placing				
Core strategy	1 Expand sales & marketing across US, APAC & EMEA	2 Develop & scale the channel partner network via partner certification	3 Commercialise the Technology Alliance Programme	4 Reinforce market leadership by investing further in our product & differentiation	5 Invest in people, process and infrastructure to support the growing business
Building scalable development, sales and delivery channels	●	●	●		●
Increasing business with our existing customers	●			●	
Focusing on the key US market	●	●		●	
Using our market leadership to continue to attract new customers	●		●	●	●

Our progress in our strategy, mapped against the objectives set in January:

Building scalable development, sales and delivery channels

Why is this important?

As we scale to seize the market opportunity our leading product and a growing market provides, we need to build scalable channels to market, as well as processes and structures that ensure growth is sustainable and customer satisfaction remains high.

We use channel partners such as EY and Accenture to connect with the end customers and to deliver our products.

We believe that the strength of our partner network is a key differentiator for the business and that it would take many years and a great deal of investment to replicate the networks our partners bring. We offer certification to our partner network to maintain the highest levels of quality assurance in our sales and delivery model.

Our sales and services' teams work with customers both before and after purchase of our product, and support a range of activities from education of the channel partners to 24/7 support after transaction.

95
distribution partners

42
certifications

What have we done this year?

1. Sales and marketing head count has increased by 182%, with an increase of 140% in EMEA, 145% in the Americas and 700% in APAC.

   We also consolidated all of our non-Sales customer-facing services teams under one function managed by our Chief Customer Officer ("CCO"). This team is engaged throughout the entire customer life cycle and is designed to increase pipeline conversion, maintain customer satisfaction and drive renewals and upsells.

2. We continue to grow our channel partner network and now have 95 partners.

   Of this 28 partners are certified, with 42 certifications between them, 1 at platinum (the highest), 8 at gold and 33 at silver.

3. We built and launched the Blue Prism Digital Exchange ("DX"), a platform which brings our customers in contact with the latest technologies and skills, including a range of assets from our technology alliances.

5. During the year we have put in place a robust HR framework and processes around sales recruitment so that we ensure the quality of our service and people remains high in a period of high growth and that our quality and leadership is not diluted or inconsistent. We use a clear set of behavioural values that dictate our recruitment approach.

   Our back office teams have expanded to support both the business today and the growth we expect in the future. In particular we have put in place an improved finance organisation designed to more effectively support the business.

Increasing business with our existing customers

Why is this important?

When we first work with an end customer our product will often be used by one department, or for a set group of processes.

There are typically many more areas of the business that can benefit from the Digital Workforce and as we integrate more tools and capabilities through our DX, the range of activities a digital worker can help with is growing rapidly.

Once we are in a customer's organisation and they begin to see the benefits of Blue Prism there is an opportunity to help establish other areas our product can be used to transform their business. This helps drive our growth.

723
upsells into

310
customers

What have we done this year?

1 We established the Chief Customer Office function, which is engaged throughout the entire customer life cycle and designed to create a direct contact point between the end customer and Blue Prism, maintain customer satisfaction and advocacy and increase conversions. We believe that this investment in customer satisfaction will drive loyalty, which in turn will drive upsells.

We have also continued to build and develop our community. Blue Prism World and the Blue Prism Café seminars are forums which allow customers access to a network of other users who provide tips for implementation, and examples of use cases and best practices. We hosted World events in London and New York, and 12 cafes in the year.

4 In addition to the launch of the DX we have also issued several product upgrades during the year, providing new features and functionality. We have also invested in a R&D team to ensure we continue to offer the best possible product to market.

Focusing on the key US market

Why is this important?

The US is the world's largest and most important software market. It is a global market leader driving global trends and adoption as well as being the single largest market in its own right.

East to West coverage

349

US customer base

What have we done this year?

1. We increased the US based workforce by 152%, and sales and marketing staff by 175%. Not only do our US employees improve our reach, they also provide a US voice in the organisation, meaning our approach and focus resonates with the market.

   We have expanded the sales force to encourage more direct dialog with end user clients, encourage more resellers to complement our partnerships and cover the broader market and employ our own 'mid-market' teams to have dialogue with and service the next tier of end user clients

2. We have continued to develop a broad partner base providing access and visibility to key decision makers across the Fortune 500 and other organisations.

4. By demonstrating the security, reliability and stability of our product we were able to gain access to the GSA schedule in September 2018, meaning that US government agencies can easily procure and implement Blue Prism software.

Using our market leadership to drive new customers

Why is this important?

Blue Prism pioneered RPA. Our product was developed with customers and designed from the start to be enterprise grade, scalable and secure. We established the RPA product category, and our product is regarded by industry analysts as one of the best available.

As a market leader in a rapidly growing market we have an opportunity to increase our customer base and drive growth.

528

new customers in 2018

What have we done this year?

1. Implemented a range of digital and airport marketing campaigns focusing on a range of topics including scalability, AI, security and Blue Prism's role in a digital strategy.

3. We have invested in our technology alliance partnerships ("TAP"), which now includes over 15 partners. These partnerships bring new skills to our digital workforce and allow our customers access to market leading technology. The DX works as a shop window to these skills, and allows prospective and existing customers to visualize and map new opportunities.

4. We have continued to significantly ramp up our investment in product development. In November we launched v6.4, a version which integrates Blue Prism with the DX and makes integration of new skills seamless. We also established a research team aimed to investigate the latest developments in the technology market.

5. During the year we have put in place a robust HR framework and processes around sales recruitment so that we ensure the quality of our service and people remains high in a period of high growth and that our quality and leadership is not diluted or inconsistent. We use a clear set of behavioural values that dictate our recruitment approach.

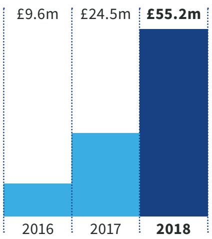
See pages 22-23 for more details on the KPIs we use to measure our progress

We have a range of financial and non-financial key performance indicators ("KPIs") to measure business performance, particularly against our strategic objectives.

Financial

Revenue

£55.2m
+125%



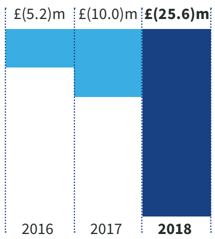
Measure
The increase in revenue over the previous financial year.

Relevance
As we continue to grow our business and increase our share of a growing market, growth in revenue demonstrates the progress we are making and the dynamism we see in the market.

Performance
We continued to see excellent revenue growth from both new customers and upsells.
Which of our strategic objectives influence this metric:

EBITDA

£(25.6)m



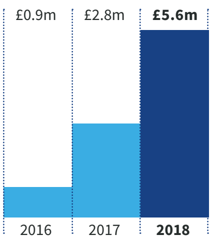
Measure
Earnings before interest, tax, depreciation and amortisation in the financial year.

Relevance
Measures the trading position of the business and demonstrates ongoing investments in the future of the business and its growth.

Performance
EBITDA losses widened as we continued to invest in global expansion and future growth.
Which of our strategic objectives influence this metric:

Exit monthly run rate revenue
(see below for definition)

£5.6m



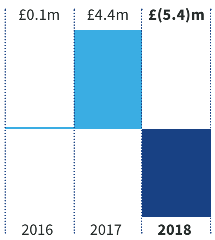
Measure
The amount of recurring software licence revenue recognised in the Group's profit and loss account in the last month of the reporting period.

Relevance
Indicates the level of licence revenue that the Group would achieve on a monthly basis going forward if there was no new business generated in the future and a 100% renewal rate.

Performance
We closed the year with a significant increase in exit MRR due to new customers and upsells during the period.
Which of our strategic objectives influence this metric:

Cash from operations

£(5.4)m



Measure
Cash generated from operations before interest or financing activities.

Relevance
Our business model is inherently cash generative as customers typically pay for their licences a year in advance. This measure is a good indicator of the underlying cash generation of the business. It is also a good indicator of how we are managing our cash cycle.

Performance
While the underlying business remains cash generative this was outweighed by the investment in further growth during the year.
Which of our strategic objectives influence this metric:

Link to strategy

Building scalable development, sales and delivery channels

Focusing on the key US market

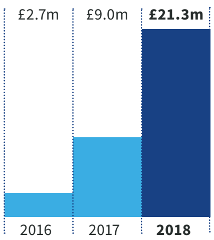
Increasing business with our existing customers

Using our market leadership to continue to attract new customers

Americas' revenue

£21.3m

+136%



Measure
Revenue from customers in the Americas in the current financial period.

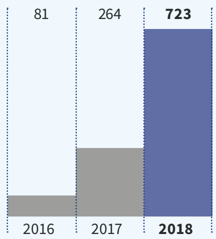
Relevance
Measures our performance in the key US & continental America market, which is important strategically and in terms of size.

Performance
We saw excellent growth across the US and wider Americas as our investment in sales resource and infrastructure expanded our reach.
Which of our strategic objectives influence this metric:

Non-financial

Upsells

723



Measure
The number of additional contracts existing customers have entered into during the financial year.

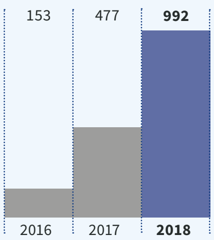
Relevance
Measures the strength of customer advocacy and of Blue Prism's impact on organisations. A key driver of our continued growth and performance.

Performance
Upsell activity increased significantly during the year as existing customers increased their Digital Workforces.
Which of our strategic objectives influence this metric:

Non-financial

Number of customers

992



Measure
Total number of contracted customers.

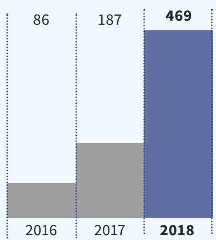
Relevance
A clear indicator of the progress of the business within the market. Drives existing revenues but also provides a platform for future growth and upsells.

Performance
The number of new customers more than doubled during the year as we began to increase our global reach.
Which of our strategic objectives influence this metric:

Non-financial

Number of employees

469



Measure
Number of employees within the business at the period end.

Relevance
As we grow our business to respond to the market opportunity available, we are growing our employee base to make sure we have and are able to attract and retain the right skills and capabilities within the organisation.

Performance
We more than doubled our employees during the year as part of our investment in global growth.
Which of our strategic objectives influence this metric:

Our product: constantly evolving

We are continually investing in Blue Prism to make sure that our product is market leading and remains the best option for our customers in a competitive marketplace.

When Blue Prism was first conceived it filled the gaps between systems and processes, which previously have had to be filled by human workers who could more usefully be spending their time elsewhere. These gaps continue to exist, however as companies see the potential of Blue Prism they are beginning to find more and more use cases, above and beyond the initial scope.

At the same time technology is developing, particularly around machine learning and artificial intelligence. These can help make the Digital Workforce even more impactful and increase the use cases.

We have established 6 skills needed to provide a truly intelligent workforce:

- Knowledge and insight – working with fragmented data to deliver insight
- Visual perception – read, understand and contextualise visual information
- Learning – evolve processing patterns and contextual meanings
- Planning and sequencing – discovery of opportunities and ability to plan accordingly
- Problem solving – solving logic, business and system problems without human intervention
- Collaboration – integrating seamlessly with people & systems

Unique assets currently available through the DX

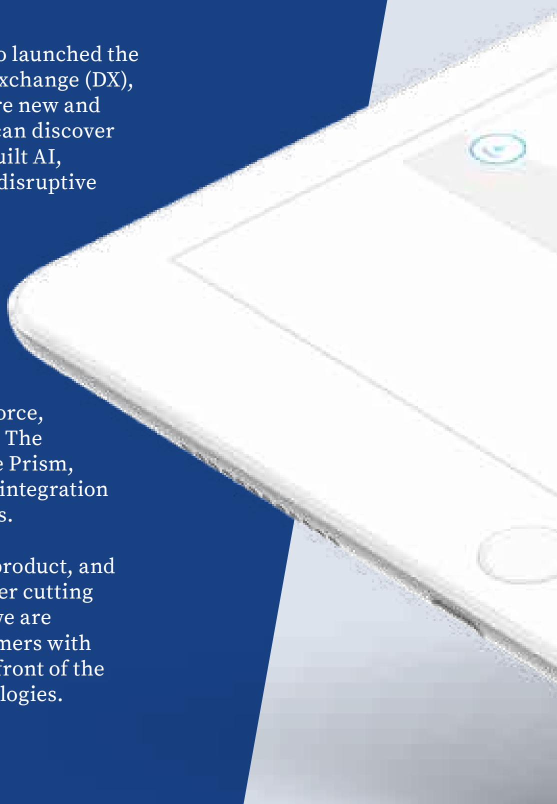
79

Many of the upgrades we have delivered in 2018 have been improving Blue Prisms' capabilities so it can fulfill the 6 skills, for example visual perception.

In November we also launched the Blue Prism Digital Exchange (DX), our "app store" where new and existing customers can discover and download pre built AI, cognitive and other disruptive technologies, all which can integrate with Blue Prism.

Users can explore and identify opportunities for automation, upskill their existing workforce, or share technology. The latest version of Blue Prism, v.6.4, allows instant integration of these technologies.

By investing in our product, and integrating with other cutting edge technologies, we are providing our customers with solutions at the forefront of the latest proven technologies.



Link to priorities

The development of the Blue Prism Digital Exchange addresses our strategic priorities

3 To commercialise the Technology Alliance Programme

4 Reinforce market leadership by investing further in our product and differentiation

Registered users

>1000

Image shows the front page of the DX.

We have continued to build a strong software licence revenue base which provides a solid platform for future growth

Ijoma Maluza
Chief Financial Officer

Revenue
+125%

Introduction

I am pleased to present another year of excellent revenue growth, as we have continued to capitalise on the significant market opportunity available.

Group revenue increased 125%, as strong sales and upsells built on the exit revenue generated prior to the start of the year. The monthly recurring revenue (“MRR") at the end of the October was £5.6m, an increase of 100%. MRR indicates the level of licence revenue the Group generated in October.

In January 2018 we raised £40m (before issue costs) in a placing to accelerate our growth ambitions and seize the market opportunity. We invested these proceeds across 2018 and expect to see the full benefits come through in future periods. These increased investments, along with increased sales commissions driven by strong sales activity in the fourth quarter, have led to increased EBITDA, (Earnings before interest, tax, depreciation and amortisation), losses of £(25.6)m. At this critical stage of Blue Prism’s growth these investments, and the resulting losses, are necessary to realise our ambitions to become a leading enterprise software provider.

More details on our financial performance in 2018 can be found below.

Revenue

Recognised revenue for the period increased 125% to £55.2m (FY2017: £24.5m). Recurring licence revenue, driven by strong sales and upsell activities, accounted for 94% of recognised revenue (FY2017: 90%).

Professional services and support revenue for the period increased to £3.5m (FY2017: £2.2m), mainly due to an increase in education services and training revenues which accounted for £0.9m (FY 2017: £0.2m).

Non-recurring revenues for the period were £0.5m (FY2017: £0.5m), primarily driven by partners sponsoring the Blue Prism World events staged during the first half of 2018.

The MRR increased 100% to £5.6m per month (FY2017: £2.8m).

Revenue by geography

	FY2018	FY2017	% movement
EMEA	**26.8**	13.7	96%
Americas	**21.3**	9.0	136%
APAC	**7.1**	1.8	294%
Total	**55.2**	24.5	125%

Loss from operations

Losses from operations before tax for the period including share-based payments, were £26.0m, compared to £10.1m in FY2017. The increase primarily related to continued investments in the Group's international growth strategy, with significant investments in sales, marketing, product and underlying business infrastructure. These investments particularly focused on international expansion into APAC and the Americas. In addition, increased sales activity year on year and in particular toward the end of the period increased the amount of introductory commissions, which are paid upfront on contract signing, but which only generate revenues in the financial year from point of signing.

Cash flow

Cash and cash equivalents at the period end were £50.5m (31 October 2017: £16.3m). The cash outflow from operating activities was £(5.4)m, as an increase in deferred revenues partially offset the operating loss. Both deferred revenues (defined as the value invoiced versus the recognised revenue during the year) and receivables increased during the year, with the closing balance primarily driven by the sales growth seen in the fourth quarter.

The January placing of £38.7m (net of fees) drove the cash and cash equivalents at the end of the period of £50.5m.

Currency impact

The Group generated foreign exchange gains during the period of £0.1m. The gains generated are 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 loss of £(0.7)m (2017: gain of £0.3m).

Statement of financial position

Deferred revenue increased to £47.9m (FY2017: £27.3m). This increase is the result of the strong growth achieved in new business, particularly the activity levels seen in the fourth quarter.

Trade and other receivables increased to £28.1m (FY2017: £14.9m). The increase was again driven by increased activity levels seen in the fourth quarter.

During the year development costs of £0.3m have been capitalised relating to product developments which will give rise to future economic benefits. These costs are being amortised over 18 months.

The Strategic report on pages 1 to 31 was approved by the Board on 24 January 2019 and signed on its behalf by

Ijoma Maluza
Chief Financial Officer

The Group is exposed to a number of potential risks which may have a material effect on its reputation, financial or operational performance.

It is not possible to identify or anticipate every risk that may affect the Group, or the materiality of that risk, however, the principal risks and uncertainties faced by the Group are set out below. The Board has overall responsibility for risk management and internal controls and is fully supported by the Audit Committee. For financial instrument risk management and objectives please see note 3 of the financial statements. Key areas for on-going risk management are:

Risk	Description	Trend	Mitigation
Growth strategies Failing to successfully implement its growth strategies	The Group intends to carry out certain growth and expansion strategies. The Group's growth and future success will be dependent to some extent on the successful completion of such growth and expansion strategies currently or proposed to be undertaken by the Group and the sufficiency of demand for the Group's software. The execution of the Group's growth and expansion strategies may also place strain on its managerial, operational and financial reserves and the failure to implement such a strategy may adversely affect the Group's reputation, business, prospects, results of operation and financial condition.	No change	The Board monitors and manages these growth strategies against market conditions, monthly performance against budgets, and cash available. Our strategic objective to build scalable sales and delivery looks to develop scalable channels to market as well as processes and structures to support international growth.
Channel partners Dependence on Channel Partners	The Group sells its software robots through partners. There can be no guarantee that these partners will continue to sell the Group's software robots to their end customers. The loss of certain key Partners (and the resulting loss of indirect customers contracted via those Partners) could have a material adverse effect on the Group's business and financial condition.	No change	The Group has relationships with 95 distribution partners and has established a certification programme to ensure customers can select a partner suited to their needs. Internal resource is dedicated to partner relationships and education, to ensure the partner network is informed to the strengths and capabilities of the software, and to assist with sales where necessary. The Group provides a range of benefits to members of its partner programme including sales and marketing support and tiered discounts on licences for resale to end customers.
Group's operating model Failure of the market to accept the Group's operating model of a fully automated Digital Workforce	A large proportion of the Group's target market still uses traditional systems relying on human driven activities for the major part of their operations. The Board believe the market needs further education on the virtues of its software machine-driven technology, and on how to integrate it into its current operations. Potential customers may however favour more traditional methodologies and/or be cautious about investing in the Group's software due to lack of education as to how it operates. Failure by the Group to bring about a change in the market's readiness to accept a new technology will lead to slower than projected growth in the Group's revenues and profits.	Decreasing	The Group has internal sales and marketing functions, supported by a distribution partner network, who work with potential customers to educate on the opportunities that the product can offer an organisation. The Blue Prism World and Café series connect existing customers with potential customers to provide a forum where RPA opportunities and experiences can be discussed.

Trend

- Increasing
- No change
- Decreasing

Risk	Description	Trend	Mitigation
Software reliability Undetected defects in the software provided by the Group	The Group's business involves providing customers with reliable software. If the software contains undetected defects when first introduced or when upgraded or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy contract specifications. As a result, it may lose customers and/or become liable to its customers for damages and this may, amongst other things, damage the Group's reputation and financial condition. Defects in software developed and sold by the Group could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to its management team. A successful claim by a customer to recover such losses could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.		The Group targets significant investment in product R&D, and these investments include performance enhancements, bug fixes and integration of new technologies in the marketplace. Where possible, the Group endeavours to negotiate limitations on its liability in its customer contracts.
Security breaches Security breaches of the Group's or customer's systems	The Group is often required and authorised by its customers to work with confidential information in the deployment of the Group's software and services. Although the Group employs security and testing measures for the software it deploys, these may not protect against all possible security breaches that could harm the Group's or its customers' business. Any compromise of the Group's security could harm its reputation or financial condition and, therefore, its business. In addition, a party who is able to circumvent the Group's security measures could, among other things, misappropriate proprietary information, interrupt the Group's operations or expose customers to computer viruses or other disruptions. Actual or perceived vulnerabilities may lead to claims against the Group.		The Group employs security and testing measures for the software it deploys and on internal systems. Employees are trained on the risks of phishing and best practice for data security. Where possible the Group endeavours to negotiate limitations on its liability in customer contracts.
Cyber-attacks The Group's software may be at risk from cyber-attacks	The Group relies on information technology systems to conduct its operations. Because of this, the Group and its software are at risk from cyber-attacks. Cyber-attacks can result from deliberate attacks or unintentional events and may include (but are not limited to) third parties gaining unauthorised access to the Group's software for the purpose of misappropriating financial assets, intellectual property or sensitive information, corrupting data, or causing operational disruption. If the Group suffers from a cyber-attack, whether by a third party or insider, it may incur significant costs and suffer other negative consequences, such as remediation costs (including liability for stolen assets or information) and repairing any damage caused to the Group's network infrastructure and systems. The Group may also suffer reputational damage and loss of investor confidence. If the Group suffers a cyber-attack, this could expose the Group to potential financial and reputational harm.		The Group employs security and testing measures for the software it deploys and on internal systems. Employees are trained on the risks of phishing and best practice for data security. Where possible the Group endeavours to negotiate limitations on its liability in its customer contracts.

Principal risks and uncertainties continued

Risk	Description	Trend	Mitigation
Technological changes The Group may be adversely affected by technological change in the artificial intelligence industry	The Group may be adversely affected by technological change in the artificial intelligence industry. The Group expects that new artificial intelligence technology will continue to emerge and develop, therefore it is possible that this technology may be superior to, or render obsolete or unmarketable, the technology that the Group currently offers. The Group plans to continue to develop innovative solutions for its customers but there can be no assurance that the Group will be able to successfully develop new products and expand its business as planned or that these new products will be successful or profitable. Any failure of the Group to ensure that its software remains up to date with the latest technology may have a material impact on the Group's competitiveness and financial performance.		The Group continues to deliver innovative solutions for customers, and invests in R&D to ensure that the Group's products reflect the latest technological developments. In the year a research department has been invested in, with the goal of researching new disruptive technologies, and ensuring these are considered in the product roadmap. The Group has a number of technology partnerships, which allow the leverage of other market leading technology alongside or within the Group's product.
Market The Group faces strong competition in a rapidly evolving market	The Group faces strong competition in a rapidly evolving market. Although the Board believe that significant barriers to entry exist in the markets in which the Group operates, including for example the technical skill and expertise required to develop its technology, the Group may face an increasing amount of competition. The Group would also face an increase in competition if its competitors adopted comparatively superior technology or if there were new entrants to the market with comparable or competitively superior technology. Competitors may seek to develop software which more successfully compete with the Group's current product and they may also adopt more aggressive pricing policies or undertake more extensive marketing and advertising campaigns. This may have a negative impact on sales volumes or profit margins achieved by the Group in the future. Many of the Group's existing partners are also undergoing expansion plans, and can compete for resource such as sales people.		The Group invests in R&D and product development to ensure that the product remains market leading. Technology partnerships mean the product is well linked to emerging technologies. The Group's Chief Marketing Officer is responsible for ensuring the marketing strategy is robust and competitive. The Group aims to attract employees through market competitive remuneration, share options or awards and a positive culture.
Growth management	The Board believe that further expansion, either organically or through acquisition, may be required to capitalise on the market opportunities available to the Group. Such expansion is expected to place further demands on management, support functions, sales and marketing functions and other resources of the Group. In order to manage the further expansion of the Group's business and the growth of its operations and personnel, the Group may be required to expand and enhance its infrastructure and technology, and enhance its operational and financial systems and procedures and controls from time to time in order to match that expansion. This could have a material cost to the Group. Historically, the Group has invested in its people, infrastructure, processes and policies to enable and support continued revenue growth but its future success will depend, in part, on its ability to continue to manage this anticipated expansion. There can be no assurance that the Group's current and planned staff, infrastructure, systems, procedures and controls will be adequate to support its expanding operations in the future. If the Group fails to manage its expansion effectively, its business, prospects and results of operations may be materially and adversely affected.		Part of the Group's strategy is designed to build the organisation, systems and processes needed to support further growth. There are specific programmes in place and ongoing investments to ensure that these initiatives are successful.

Risk	Description	Trend	Mitigation
Brexit The process of the United Kingdom leaving the European Union	The process of the United Kingdom's departure from the European Union and the terms of the UK's future relationship with the EU remain uncertain. The Group's head office, product development and many of its business support functions are located in United Kingdom. Regulatory or other new barriers to trade may be implemented that may make it less convenient for the Group's customers and partners to trade with a UK Company. Depending on the future regulatory arrangements between the EU and the UK, it may become more difficult for the Group's customers and partners to transfer data to the Group for processing in the UK for product support purposes under the General Data Protection regulation ("GDPR") than it is at present while the UK is automatically deemed to have adequate legal safeguards for the protection of personal data. Many of the Group's contracts with EU customers are governed by English law and subject to the agreed jurisdiction of the English courts, it may become more complex to enforce such contracts in the future than it is at present should court enforcement be required. The UK represents an important market for the Group's products and services. Financial instability in the UK business environment may result in fewer sales to new and existing customers in the UK market. Many of the Group's sales are under contracts with a duration of three years or more that are priced in currencies other than sterling, including US dollars, Euro and Japanese Yen. A period of heightened volatility in sterling exchange rates surrounding Brexit may result in significant changes in the Group's revenues or costs when reported in sterling.	↑	Blue Prism's business model does not rely on the physical shipment of goods across borders. There are at present no tariffs on the import of the Group's software to the EU from a non-EU country. The Group has already invested in establishing trading subsidiaries in the EU in France and Germany through which it can trade with EU customers, and would have the ability to establish presence in further EU markets should that prove necessary or advantageous. This international investment has already included recruiting staff who are able to provide services locally to the Group's customers in those markets, and additional service staff could be recruited should it prove difficult to serve customers from the UK. Well-established procedures are available under the GDPR to permit the transfer of personal data outside the EU which, although they require certain additional administrative steps, would allow continued transfers of data to be made to the Group in the UK in compliance with GDPR requirements. Subject to certain notice periods, the Group has the ability to vary pricing for future orders under its contractual arrangements with its resellers, which would allow it to mitigate the impact of medium-term exchange rate changes.

Trend

↑ Increasing

↔ No change

↓ Decreasing

We are fundamentally changing the way people work now and in the future, taking the robot out of the human

New customers
528

New employees
282

Jason Kingdon
Chairman

Why customers use us

1. Business led enterprise focused, controlled and intelligent
2. Our Robotic Operating Model – no code platform
3. Our market leading, scalable product
4. Our technology partnerships

Dear shareholder

As we announced in November 2018, I will be stepping down from the Board in 2019 once a successor has been appointed.

Whether measured in terms of numbers of customers, revenues, employees or countries of operation, the progress of the business and the value that has been created for all stakeholders has been remarkable. In particular, I am very proud of the value that has been created for our customers and the breadth of issues that are solved and tackled by Blue Prism technology. As is testified within our case studies and partner testimonials, Blue Prism is changing the way that businesses can operate, laying the foundations for a productivity explosion, and a new era of corporate creativity and expression. To me, this technology is as profound a corporate change as was the database back in the late 1980s and early 90s. Moreover, it ushers a period in which automation itself becomes a utility.

At a conference I attended in Shanghai China, Blue Prism was publicly thanked by a delegate for creating the RPA category, and the delegate commented that RPA was transforming the nature and quality of people's work within business operations. For business to be thanked and acknowledged in this way hints at the impact that our work is driving. The whole idea of an 'automated digital worker' that can carry-out tasks, provide straight-through-processing and automated fulfilment has taken hold globally, and I believe is improving the quality of work-life and service-fulfilment everywhere. It is also my belief that this technology is about improving quality, flexibility, scale, and consistency of service and much less about human job replacement. This too is the output from our customer testimonials. They strive to offer better, more connected, more scalable and high-value services, not reduce head count as a simple end in itself. All of which, I believe, makes this a very positive enterprise revolution.

We are a global company now, with a positive sales and service presence in all major territories. Since IPO we have put in place a global Customer Services Operation and global Customer Success offerings; all of which are aimed at supporting our customers, and commercial partners, to achieve quality of service. This serves to underwrite the breadth and depth of impact they can achieve with Blue Prism product.

We have also pioneered the notion of an "enterprise app store". Through the flexibility of the Blue Prism platform new technologies, such as AI and all sub-flavours and specialisms within this, can be sourced by our customers in real-time. This is more like a retail product experience than enterprise solutions. It is groundbreaking and transforming work, and all aims towards better and more impactful customer outcomes.

Developing the governance infrastructure of the Company has been a key focus for the Board over the period too. Increasing transparency through expanded reporting, not only through this Annual Report but also through all communications' channels has been important. This work is in progress but, like most organisations, more can always be done. We employ locals in all the operating regions we act in, and act in good faith within those regions with respect to tax and local participation. In short we aspire to be a good corporate citizen.

On behalf of the Board, I would like to thank all of Blue Prism's staff for the contribution they have made to the successful growth and development of the Group in 2018 through their hard work and collaboration. The outlook for 2019 is exciting. From the market overview and customer case studies set out earlier in this report, it is clear that this is an attractive and growing global market, with a wide scope of application for the Group's technology, and in which the Group is a leader. With strong leadership, good governance, clear strategy and attractive products, Blue Prism is well positioned to build on our success so far as we head into the next stage of this market and of the Group's growth.

I look forward to engaging further with shareholders at our AGM on 19 March 2019.

Jason Kingdon
Chairman of the Board

Investment case

- The RPA market offers customers significant gains in productivity and efficiency to its customers, and as such has potential for long-term, sustainable growth
- We are a market leader, and our product is regularly assessed as one of the top three available
- We have an attractive commercial model, with majority licence based revenue and good cash generation

Board of Directors

1

Dr. (Conrad) Jason Kingdon (56)

Non-Independent, Non-Executive Chairman

Appointed to the Board

2016

Experience

Jason has been commercialising AI for over 25 years. He has a PhD from University College London and was co-founder of UCL's Intelligent Systems Lab. He co-founded and was CEO of Searchspace, a Company which pioneered big data analytics introducing intelligent transaction monitoring for Anti Money Laundering for many of the world's top tier banks. The Company was multiaward winning for both technology and revenue growth and was also endorsed by the American Banking Association as the preferred technology for AML detection. Jason led a highly successful exit in 2005 and has since been a member of UCL Enterprise Board, has set-up his own private AI research lab and became an early backer to Blue Prism. He's an EY entrepreneur of the year, author and editor of AI books, papers and patents.

Key strengths

- Technology
- Artificial intelligence
- Data analytics
- Entrepreneurship

External appointments

None.

2

Alastair Bathgate (54)

Chief Executive Officer & Co-Founder

Appointed to the Board

2016

Experience

Alastair has over 30 years' experience in enterprise software, manufacturing, retailing and banking. He co-founded the Group in 2001 alongside David Moss, having previously spent 8 years in process improvement at Bradford & Bingley Building Society and 4 years delivering enterprise software solutions to major customers such as Barclays Bank at Lynx Financial Systems.

Alastair has an MBA with distinction from Leeds University Business School.

Key strengths

- Entrepreneurship
- Business strategy
- Management

External appointments

None.

3

Ijoma Maluza (39)

Chief Financial Officer

Appointed to the Board

2018

Experience

Ijoma is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants in England & Wales. He has over 10 years of experience in the technology sector and joined Blue Prism from ip.access Limited where he was Chief Financial Officer. Prior to joining ip.access Limited he served as Corporate Strategy and Corporate Development Director of Xchanging plc. Ijoma read Economics at Cambridge University.

Key strengths

- Finance
- Technology
- Corporate strategy & development
- Investment banking

External appointments

None.

4

Charmaine Carmichael (48)

Independent Non-Executive Director

Appointed to the Board

2016

Experience

Charmaine was Global Senior Vice-President at Nokia. Between 2002 and 2008 Charmaine was Managing Director and Vice President, EMEA at Research in Motion (Blackberry). She also led Wayra, the digital accelerator, and was a Non-Executive Director of Wayra UnLtd, a joint venture between the UK Government and Telefónica.

Key strengths

- Technology
- Management
- Global marketing
- Start ups

External appointments

Charmaine is a partner and Managing Director of BCG Digital Ventures. She is the CEO of Plan B. Charmaine serves as a Non-Executive Director at GB Group plc. She holds the position of Chairperson of Buzzmove and is a partner with the Boston Consulting Group. Charmaine is also a Board member and trustee of The Marketing Academy.

5

Christopher Batterham (63)

Senior Independent Non-Executive Director

Appointed to the Board

2016

Experience

Chris qualified as an accountant with Arthur Andersen and has significant experience in senior finance roles across the technology sector. He was previously Finance Director of Unipalm plc, the first internet Company to IPO in the UK, until 2001, and Chief Financial Officer of SearchSpace Limited until 2005. He was formerly Non-Executive Chairman of Eckoh plc and Non-Executive Director of various other public companies including Staffware plc, SDL plc and Iomart plc.

Chris has an MA from Cambridge University and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Key strengths

- Finance
- Technology
- Start ups
- Business strategy

External appointments

Chris currently serves as Non-Executive Director of NCC Group plc.

6

Kenneth Lever (65)

Independent Non-Executive Director

Appointed to the Board

2016

Experience

Ken was a partner of Arthur Andersen & Co, Chartered Accountants and Arthur Andersen Consulting. He has held Senior Executive Director roles in many listed companies including Alfred McAlpine plc, Albright & Wilson plc and Tomkins plc. Ken was Chief Financial Officer of Numonyx in Switzerland from April 2008 to September 2010 and was Chief Executive of Xchanging plc between 2011 and 2015.

From 2007 to 2013 Ken was a member of the Accounting Council (formerly the UK Accounting Standards Board) of the Financial Reporting Council. Ken is a Fellow of the Institute of Chartered Accountants in England & Wales.

Key strengths

- Finance
- Leadership & management
- Strategy development
- Strategic financial management

External appointments

Ken is currently Chairman of Biffa plc, Chairman of RPS Group plc, Senior Independent Director of Vertu Motors plc, and Non-Executive Director of Gresham House Strategic plc.

Senior management

David Moss
Chief Technology Officer & Co-Founder

David co-founded Blue Prism in 2001 and is the chief software architect behind the Blue Prism software product. Prior to Blue Prism, Dave spent 5 years working for Lynx Financial Systems as a Senior Software Designer, providing packaged and bespoke solutions to major names in Financial Services such as Barclays Bank, Nationwide Building Society and Transamerica Commercial Finance. Dave holds a BSc (Hons) in Mathematics from Leeds University.

Chris Bradshaw
Chief Marketing Officer

Chris is a strategic visionary with 25+ years of experience building and scaling businesses and driving innovation at a global scale. Known for developing successful strategies and leading execution with a focus on customer success and value creation.

A proven Chief Marketing Officer at Autodesk, his expertise includes brand building, demand generation, partner marketing, and creating corporate social responsibility programmes and organisations. He currently serves on the Board of Directors for Project Lead The Way ("PLTW"), a non-profit leading provider of STEM education programmes to K-12 in the US. Chris holds a bachelor's degree in electrical engineering from Cornell University and a master's degree in business administration from Duke University.

Martin Flood
Chief Revenue Officer

Martin brings sales and sales management expertise and experience, gained in the IT industry over 2 decades in a variety of enterprise software and hardware businesses. Martin's roles have ranged from large international organisations such as Sybase and Sun Microsystems through to early stage software companies such as Whitelight Systems and Searchspace. Immediately before joining Blue Prism, Martin headed the new products Division of Progress Software EMEA, which comprised SOA integration, business activity monitoring and business process management offerings.

Neil Wright
Chief Customer Officer

Neil now has responsibility for our Customer Office having previously been Head of Professional Services at Blue Prism since 2008. He is recognised as a leading figure in the delivery of RPA implementation projects having successfully delivered Blue Prism at scale in major institutions across the globe. He has used his vast experience to architect our world leading Robotic Operating Model which provides the blueprint for successful delivery at scale.

Prior to joining Blue Prism, Neil had over 20 years' experience in the successful delivery of enterprise software to both the public sector and Blue Chip companies such as Lloyds Banking Group, Barclays Bank and Royal Bank of Scotland.

Pat Geary
Chief Evangelist

Pat has over 30 years of international marketing experience across a range of large multinational and start up software and hardware businesses. Most recently Pat has worked as CMO at Skinkers, a UK-based enterprise software Company and CMO for Livestation, the world's first global news platform on the internet. Pat's previous experience included international corporate marketing roles at Searchspace, Sequent Computer Corp and DEC. He holds an honours degree in computer science.

John Warrick
General Counsel & Company Secretary

John has 15 years' experience of international corporate and technology law. Having begun his legal career at global law firm Allen & Overy, he has since worked in a variety of in-house legal roles with General Electric, ADP and, most recently, automotive retail software specialist CDK Global. John is admitted as a solicitor in England and Wales and has an MA from Oxford University.

Vikki Sly
Chief People Officer

Vikki is responsible for leading the Global HR function with a remit to develop innovative and scalable people solutions which showcase the Blue Prism culture as one where the very best choose to join, grow, make impact and thrive. She brings over 20 years of experience and passion for building global values driven, most latterly at Qlik Technologies and Barclaycard. She is known as, and will continue to be, a vocal advocate of creating places that are connected, collaborative and where everyone gets the opportunity to win together.

Corporate governance statement

Board membership and attendance

	Attended/ Eligible to attend
Chair	
Jason Kingdon	10/10
Members	
Alastair Bathgate	10/10
Ijoma Maluza (appointed 25 January 2018)	7/7
Charmaine Carmichael	9/10
Chris Batterham	10/10
Ken Lever	10/10
Gary Johnson (resigned 25 January 2018)	3/3

Dear shareholder

I am pleased to report on the governance arrangements undertaken by Blue Prism during the financial year. The Board is committed to ensuring standards of governance are proportionate and embedded into the Company's culture.

Blue Prism welcomed the changes to AIM Rule 26 in 2018 which mandated that all AIM listed companies were required to adopt and follow a recognised corporate governance code and publish a corporate governance statement on their website.

For the purposes of AIM Rule 26, the recognised corporate governance code that the Board has decided to apply is the Quoted Companies Alliance Corporate Governance Code 2018 ("QCA Code"). The Board believes the QCA Code provides the most appropriate framework of governance arrangements for the Company, considering the size and stage of development of the Company's business. The following information is provided to explain how the Company complies with the QCA Code. Where we have deviated from the Code we have stated as such.

Long-term value and strategy

The Company's business model is designed to promote long-term value for all stakeholders. It is explained in detail on pages 14-15.

Shareholder engagement

The Company actively engages in dialogue with shareholders. The Chief Executive Officer and Chief Financial Officer regularly meet with institutional shareholders and analysts, including after the announcement of full-year and half-year results, and are responsible for ensuring that their expectations are understood by the Board. The AGM also provides an opportunity for all shareholders to engage and to ask questions of the Board.

Stakeholders

The Board considers the interests of shareholders and all relevant stakeholders in line with section 172 of the Companies Act 2006. The Company focuses on building strong and sustainable relationships with a range of different stakeholders in order to support the long-term success of the Company.

For customers, we regularly engage through customer events such as our flagship Blue Prism World event, held last year in London and New York, with touring events held in Tokyo, Sydney and San Francisco. We also run a series of smaller user groups around the world to share information with our customers and obtain their feedback on the strategic direction of the product. For our partners, we hold regular dedicated events such as the Partner Forum and Partner Executive Council, at which we share information about our product and solicit feedback and market intelligence.

For employees we create a motivational and supportive work environment to promote high performance and low turnover. Regular employee engagement events are held through live webinar due to the geographically dispersed nature of the Company's workforce, and the CEO and members of the executive team regularly hold local employee "town hall" meetings when visiting the global offices. All employees share in the creation of long-term shareholder value through participation in the employee share plan.

In the wider community, we operate the Blue Prism Academia programme, under which qualifying academic institutions are provided with free access to the Company's software to help develop the intelligent automation skills of the workforce of the future.

Risk management

The Company is exposed to a number of potential risks which may have a material effect on its reputation, financial or operational performance. The Board has overall responsibility for risk management and internal controls and is fully supported by the Audit Committee. More detail about the identified principal risks and uncertainties can be found on pages 28 to 31.

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The processes to identify and manage the key risks of the Company are an integral part of the internal control environment. Such processes, which are regularly reviewed and improved as necessary, include strategic planning, approval of annual budgets, regular monitoring of performance against budget (including full investigation of significant variances), control of capital expenditure, ensuring proper accounting records are maintained, the appointment of senior management and the setting of high standards for health, safety and environmental performance.

The effectiveness of the internal control system and procedures is monitored regularly through a review by management, the results of which are reported to, and considered by, the Audit Committee. The system of internal control comprises those controls established to provide assurance that the assets of the Company are safeguarded against unauthorised use and to ensure the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failing to achieve the business objectives of the Company.

Board practice

The Board consists of the Chairman, two Executive Directors and three Non-Executive Directors. The biographical details of the Board members can be found on pages 34-35.

The Board has determined that Chris Batterham, Charmaine Carmichael and Ken Lever are independent in character and judgement. The Chairman, Jason Kingdon, is not considered to be independent, however the Board considers that his long experience as Chairman of the Board of Blue Prism Limited (which until the IPO was the Parent of the Group of companies) is of benefit to the Board in providing continuity of knowledge and additional industry expertise to the Company. Chris Batterham has been appointed as Senior Independent Director.

The Board meets sufficiently regularly, at least ten times throughout the year. Meetings of the Non-Executive Directors without the Executive Directors being present are held at least annually, both with and without the Chairman.

Board composition and performance

The Board considers its overall size and current composition to be suitable and have an appropriate balance of sector, financial and public markets skills and experience as well as an appropriate balance of personal qualities and capabilities. Composition of the Board will be reviewed at least annually by the Nomination Committee. The Nomination Committee will make recommendations to the Board based on a number of factors including the skills necessary for execution of the Company strategy and diversity.

In order to develop their skills and keep up to date with market developments the Board receive regular training from the Company's Nominated Adviser. All members of the Board have access to the advice and support of the Company Secretary, who is also responsible for facilitating the induction programme for new Directors.

All Directors are expected to devote such time as is necessary for the proper performance of their duties. This includes the need to make themselves available if an event occurs that requires Board involvement. It is expected that Non-Executive Directors who chair committees or have additional responsibilities (for example, the Senior Independent Director) will increase their time commitment to the Company.

Board evaluation

The Nominations Committee is responsible for Board evaluation, and the Committee intends to conduct its first formal evaluation of the Board within the year. The Committee envisages that an internal evaluation will take place on an annual basis, and that the process will be replicated for each of the Committees of the Board.

The results of the Board evaluation process will be used by the Nominations Committee to inform its approach to succession planning.

Company culture

The Company has defined a set of common values:

P: We are Professional – smart in both thought and presentation
R: We argue passionately and openly but we have Respect for each other and a consensual style
I: We act with Integrity in our business dealings
S: We strive for Success – we are totally committed to being the best we can be
M: We eMpower our people to act in the interests of the Company

These Blue Prism Values are reflected in everything that we do, beginning with the selection criteria used in the employee recruitment process and continuing throughout all elements of the Company's business. The Board ensures that ethical behaviours are expected and followed by approving a set of internal policies on matters such as anti-bribery and whistleblowing, and by ensuring that appropriate systems and controls are in place to ensure compliance with those policies.

Governance

Whilst the Board is collectively responsible for defining corporate governance arrangements, the Chairman is ultimately responsible for corporate governance. The governance structures within the Company have been assessed by the Board and are considered appropriate for the size, complexity and risk profile of the Company. This will be reviewed by the Board to ensure governance arrangements continue to be appropriate as the Company changes over time.

There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs. The schedule includes approval of the Annual Report and any other financial statements, the adoption of the budgets and business plans, material financial commitments, and the release of inside information.

The Chairman, Chief Executive and Senior Independent Director have clearly defined roles and responsibilities. The role of the Chairman is to lead the Board and ensure it is operating effectively in approving and monitoring the strategic direction of the Company. The role of the Chief Executive is to propose strategic direction to the Board and to execute the approved strategy by leading the executive team in managing the Company's business. The role of the Senior Independent Director is to act as a sounding board for the Chairman and a source of reciprocal feedback for other members of the Board and shareholders, where required.

The Board is supported by an Audit Committee, Remuneration Committee and a newly-established Nominations Committee. Details of Committee composition and copies of their respective terms of reference can be found on our website.

Communication

The Company is committed to open communications with all its shareholders. Communication is primarily through the Company's website and the Annual General Meeting. All shareholders will receive a copy of the Annual Report (electronic or hard copy depending on shareholder preference), and an interim report at the half year is available on the Company's website. Copies of historical Annual Reports and notices of general meetings covering the period since the shares of the Company were admitted to trading on AIM are also available on the Company's website. The Company reports on the responsibilities and activities of each of the Committees in the Annual Report.

Jason Kingdon
Non-Independent, Non-Executive Chairman

Nomination Committee report

Membership and attendance

	Attended/ Eligible to attend
Chair	
Jason Kingdon	N/A
Members	
Charmaine Carmichael	N/A
Ken Lever	N/A
Chris Batterham	N/A

Roles & responsibilities

- Undertake a Board evaluation and report on findings to the Board
- Consider, and make recommendations on, the composition of the Board
- Carry out succession planning for the Board and senior management
- Fill Board vacancies when they arise
- Review the time requirement of Non-Executive Directors
- Make recommendations to Board regarding the performance of Directors

Dear shareholder

I am pleased to report on the work so far of the newly formed Nomination Committee. The Committee is an example of how we have enhanced governance in the Group proportionally as the Company has matured.

Members

The Committee consists of the three Non-Executive Directors and me. I act as Chair of the Committee. The Company Secretary, John Warrick, acts as Secretary to the Committee.

The Nominations Committee was formed late in the financial year so it did not hold a formal meeting within the year.

Biographies for the members of the Committee can be found on pages 34-35.

Responsibilities

The Nomination Committee terms of reference are available on the Company's website. These largely follow ICSA's guidance on terms of reference for nominations committees.

It was announced on 15 October 2018 that I will be stepping down from the Board when a successor has been found. The search for a successor as Chair will be the principal initial focus of the Committee. While the Nomination Committee is considering my succession, all meetings will be chaired by Chris Batterham, the Senior Independent Director. Chris and the other members of the Nomination Committee are carrying out the search for my replacement with the assistance of external consultants. Further detail will be provided in next year's Annual Report.

Once this initial task is completed, the Committee will move on to assume responsibility for Board evaluation and succession planning more generally.

Board composition

The Board recognises the importance of a diverse Board and as such the Committee will consider diversity when examining Board composition and when considering new appointments to the Board. In all cases the Committee will consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

The Committee will report further on its progress in next year's Annual Report.

Jason Kingdon
Chair of the Nomination Committee

Audit Committee report

Membership and attendance

	Attended/ Eligible to attend
Chair	
Ken Lever	3/3
Members	
Chris Batterham	3/3
Charmaine Carmichael	1/3

Key activities
- Review of the financial statements
- Monitored the effectiveness and independence of BDO
- Agreed the fees and scope of the 2018 audit
- Considered the impact and future application of new accounting standards, in particular IFRS 15
- Reviewed the accounting judgements used in this year's financial statements
- Reviewed and amended the risk register

Roles & responsibilities

Financial reporting
- Monitoring the integrity of the financial statements
- Reviewing and challenging on the application of accounting policies
- Review the narrative of the Annual Report
- Reviews key judgements and estimates used in the presentation of financial statements

Internal controls
- Review the effectiveness of the Company's internal financial controls, internal controls and risk management systems
- Review any statements regarding internal controls and risk management to be included in the Annual Report

Whistleblowing and fraud
- Review the adequacy and security of the Group's whistleblowing arrangements
- Review the Group's procedure for detecting fraud
- Review the Group's systems and controls for the prevention of bribery and corruption

External audit
- Consider and make recommendations to be put to shareholders regarding the appointment, reappointment and removal of the external auditors, as appropriate
- Oversee the selection process for new auditors if an auditor resigns
- Oversee the relationship with the external auditor including terms of engagement, independence and the balance of audit and non-audit work
- Agree the scope of the audit with the external auditor
- Set a policy on the provision of non-audit work by the external auditor

Dear shareholder

I am pleased to report on the work of the Audit Committee during the 2018 financial year.

Members
The Audit Committee consists of three Non-Executive Directors all of whom are considered independent. The Committee met on 3 occasions throughout the year. I have acted as chair of the Committee throughout the financial year. Of the three members serving on the Committee, Chris and I are qualified accountants and have recent and relevant financial experience. Charmaine, having held several senior management positions, has a high level of financial literacy. The Company Secretary, John Warrick, acts as Secretary to this committee.

Biographies for the members of the Committee can be found on pages 34-35.

Responsibilities
The main responsibilities of the Audit Committee are contained within its terms of reference. The terms of reference largely follow ICSA's guidance on terms of reference for Audit Committees. They have been approved by the Board and are available on our website.

Audit
Subject to the approval of shareholders, the Audit Committee is responsible for approving the appointment of the external auditor and setting their remuneration. Our current auditors are BDO UK LLP and they have held the office of auditor to the Group since 2015. The Committee have reviewed the relationship with the auditor and, having considered its effectiveness and independence, propose that BDO are re-appointed as the Group's auditors at the forthcoming AGM.

The Committee monitors the level of non-audit work the auditors undertake and ensures they do not perform any services that could be perceived as affecting the independence of the auditor. The Committee is satisfied that the level of audit to non-audit work performed by BDO has not affected their independence.

In view of the relative lack of complexity of the Group's operations, the Committee does not consider that an internal audit function is necessary, however, the Committee will keep this under review and ensure that a function will be established should it be deemed necessary by the Committee.

Financial Reporting Council letter

The Company received a letter from the Financial Reporting Council's Corporate Reporting Review Team ("FRC") on 23 May 2018, which informed it that the FRC had carried out a review of the Annual Report and Accounts for the year ended 31 October 2017. The letter indicated that the FRC had not identified any matters on which it wished to raise specific questions with the Group.

The letter did, however, make some observations regarding potential improvements to certain disclosures included in the Annual Report. The principal change resulting from these observations is that the Group has sought to improve the clarity of the Key Performance Measures disclosed and analysed in the strategic report.

The Group recognises that the FRC's review was based only on a review of its Annual Report and Accounts for the year ended 31 October 2017 and did not benefit from detailed knowledge of the Group's business or an understanding of the underlying transactions entered into. Its review did not provide any assurance that the Group's Annual Report and Accounts are correct in all material respects. The Group also recognises that the FRC's letters are written on the basis that it (and its officers, employees and agents) accept no liability for reliance on them by the Group or any third party including but not limited to investors and shareholders.

Internal control & risk management

The Audit Committee regularly receives an update on risk and internal control from executive management. The Committee has assured itself that internal control systems are effective and is satisfied that risks are within the risk appetite of the Group and, where mitigating actions are undertaken, they are proportionate.

Whistleblowing

The Audit Committee is responsible for the effectiveness of the Whistleblowing Policy. The Committee will, where appropriate, review the policy and its effectiveness periodically.

Further information on risk management is available on pages 28-31.

Ken Lever
Chair of the Audit Committee

Remuneration Committee report

Membership and attendance

	Attended/ Eligible to attend
Chair	
Charmaine Carmichael	2/3
Members	
Ken Lever	3/3
Chris Batterham	3/3

Key activities

- Reviewed Committee terms of reference and executive delegated authorities, and made recommendations to the Board for updates
- Oversaw a benchmarking exercise for executive remuneration and approved proposals for changes in remuneration of Executive Directors
- Reviewed the effectiveness and appropriateness of existing equity incentive plans for all employees (including Executive Directors) and approved changes in the structure and operation of those plans
- Monitored remuneration structures and levels below Board level and considered proposals for bringing key talent into the Group

Roles & responsibilities

- Determining the overall framework and policy for remuneration for Directors and senior managers
- Recommending to the Board any changes to the remuneration policy, or its application, where appropriate
- Determining compensation payments in the case of the termination of an Executive Director
- Agreeing the total remuneration package for each Executive Director, the Company Secretary and other senior managers
- Approving targets for performance-related schemes
- Reviewing the design and application of employee share schemes
- Overseeing major changes to benefit structures across the Group
- Reporting to shareholders on remuneration

Dear shareholder

I am pleased to present the Remuneration Committee's report for the 2018 financial year.

As outlined in this year's strategic report, 2018 has been a year of significant growth and change in the business and operations of the Group. This has been a continuation of the rapid growth seen since the Group's IPO in 2016. A key theme of the Committee's work this year has therefore been to give consideration to the challenges and opportunities presented by that growth.

The Committee recognises that the changes in the scale of the Group's business and its market capitalisation not only impact on the challenges of remuneration policy itself, but also lead shareholders to have increased expectations of transparency in respect of the communication of the Group's remuneration policy and its application. We have therefore for this year's report included this letter setting out the background to the executive remuneration changes and share incentive policy and information on key decisions made, and a table setting out the executive remuneration policy and how it will operate in 2018/19 as well as significant additional disclosures throughout the report to what was included in last year's Annual Report.

As an AIM-listed Company, the publication of this report is voluntary. It is included in the interests of transparency and in recognition of good practice.

This Remuneration Committee report will be put to an advisory vote at the 2019 AGM. The Committee welcomes all shareholder feedback on remuneration and I will be available at the AGM to answer any questions that shareholders have on this topic.

Members of the Committee

The Remuneration Committee consists of three independent Non-Executive Directors. The Company Secretary acts as Secretary to the Committee.

Biographies for the members of the Committee can be found on pages 34-35.

Relevant Directors and employees, such as the CEO, are invited to meetings where appropriate.

Responsibilities

The Committee's terms of reference largely follow the best practice guidance issued by ICSA on Remuneration Committees and are available on the Group's website.

Remuneration Committee report continued

Review of executive remuneration

As well as the change of CFO, there have been a number of other changes to the executive management of the Group immediately below Board level during the year. There have also been several key appointments made to strengthen management at all levels of the Group and to support the global expansion of the Group's business. An important part of the Committee's work this year has therefore been to advise and support the CEO in ensuring appropriate and effective remuneration structures are adopted across the executive management of the Group, and indeed for the recruitment and retention of key staff at all levels.

In respect of the Executive Directors, the Committee undertook a broad review of overall remuneration during the year, taking into account the significant changes in the scale of the Group's business. The aim of the review was to ensure that the Group's remuneration policy remained effective in attracting, retaining and motivating the talent required to deliver on the Group's strategic ambitions, while continuing to link overall pay with performance and to align the interests of Directors with the interests of shareholders in the long-term growth of the Group's business.

The outcome of the review of Executive Director remuneration was in general a continuation of the fundamental principles of remuneration strategy and policy, which are described in the policy section below, but a number of changes were made in the application of the policy to ensure that it remained both effective and appropriate in the changed circumstances of the Group's business.

Share incentives

The Group has always had a policy of using share-based incentives widely across all levels of employees. In the Committee's view this has been not only an important element of the Group's employer proposition as it seeks to recruit and retain the breadth and depth of talent required to deliver the Board's ambitions for the growth of the business in a highly competitive environment, but also a crucial motivational incentive to reinforce the sense of common purpose among the Group's worldwide employees.

A key focus for the Committee during the year has been to review the structure and operation of all of the Group's share plans and to consider how best they can be developed for the future. The Committee has considered Executive Director remuneration as part of that exercise, but firmly set within the context of the operation of the plans for staff across the Group.

As result of the review, the Committee concluded that share-based incentives should remain a key part of the remuneration mix across the Group, for the reasons described above. The structure and focus of the plans will evolve however, in line with the evolution of the Group's business, so that we will move away from using market value options and towards regular share awards. At the executive and senior management level, those awards will be made subject to challenging objective long-term performance conditions.

The feedback the Committee receives from the Group's employees via the executive management continues to be that the Group's approach to share-based incentives is valued by employees and that they find it to be an attractive and motivational reward. I am also pleased to note that levels of take-up of the Group's two employee share purchase plans have been high, with 55% of eligible UK employees saving regularly into the UK SIP and 63% of eligible US employees saving regularly into the US ESPP as of 31 October 2018.

Shareholder consultation

The Committee consulted with major shareholders concerning the introduction of the new share incentives' policy, and as a result reflected the views expressed by shareholders when formulating the performance conditions to be applied.

Performance during 2017/18 and decisions taken during year

As reflected earlier in this report, the Company performed strongly during the year in terms of sales, revenue, new customers, upsells and renewals.

The salary of the CEO was increased at the start of the year to £200,000 and the new CFO was appointed in January 2018 with a salary of £155,000 and an award of market value options.

In the light of strong commercial progress, annual bonuses were paid to the CEO and CFO at 78.7% of salary against an on target and maximum bonus of 50% and 100%. Annual bonus was based on Group net new sales targets for the 2017/18 period.

Other than options held by our former CFO, Gary Johnson, who retired during the year as a good leaver, no options held by executives vested during 2017/18. Option awards made on IPO are due to vest in March 2019.

An award of market value options was made to executives in January 2018. This was the first award across the executive team since the Company's IPO in March 2016. These awards will vest three years from the date of award.

Decisions for 2018/19

In October 2018, the Committee considered the salaries of the Executive Directors as detailed later in this report. The annual bonus plan will operate as detailed in the policy section of this report. The Committee expects that LTIP awards will be made to executives early in 2019 in line with the new policy detailed below.

I hope that you find the report helpful and informative and I look forward to receiving feedback from our investors on the information presented.

Charmaine Carmichael
Chair of the Remuneration Committee

Remuneration policy

The aim of the Group's Remuneration Policy for its Executive Directors is to ensure overall remuneration is set at a level that allows the Group to recruit and retain the talent required to deliver on the Board's strategy for the global growth of the Group's business. The Committee is responsible for ensuring that the policy is applied in such a way as to ensure that remuneration is set at a level no higher than is necessary to achieve that aim, and that overall pay is linked closely to performance.

The Committee believes that remuneration policy should be reflective of the high-growth nature of the Group's business. As such, the general strategy aims to set Executive Director remuneration at or below the median of comparable companies for base salary and benefits, but to place greater emphasis on annual bonus and in particular on long-term incentives that ensure pay is linked to performance and that align executive remuneration directly with long-term value creation for shareholders.

The Committee engaged the services of remuneration consultancy h2glenfern during the year. Advice provided by h2glenfern included conducting a benchmarking of overall Executive Director remuneration, as well as advice on changes to the Group's policy on the use and structuring of share and option awards for all employees.

The policy on each element of remuneration is described in more detail below.

Policy	Operation in 2018/19
Base salary	
• Base salary should be set at a level that is sufficiently competitive to allow the Group to recruit and retain the necessary talent, but also to act as a point of reference for remuneration of other executives and management in the Group. • The Committee aims to set base salary at a level that it considers to be at or below the median level for comparable roles.	• As a result of the review and benchmarking exercise, the base salary for the CEO remained unchanged at £200,000. The base salary for the CFO was increased to £220,000.
Pension and benefits	
• The Executive Directors receive a range of other customary benefits in addition to base salary, including life assurance, pension contributions, and provision of a car or car allowance. • These benefits are in line with those provided to other managers in the Group and are intended to ensure that the Group's overall employment proposition remains competitive.	• In line with policy. • The Group matches employee and Director pension contributions up to 5% of base salary.
Annual bonus	
• An annual bonus is intended to provide a focused incentive tied to achievement of the Group's annual financial targets. • Targets for the annual bonus are set annually in the context of the development of the Group's business plan for the year. • The on-target payment will be made if the Group achieves the level of revenue set in its internal business plan target. This figure is not being disclosed in advance as it is considered to be commercially sensitive. • Over-achievement against the target will result in an upwards adjustment on a straight-line basis, subject to a maximum cap. • No payment will be made under the bonus if revenues are at or below a minimum collar level. Achievement between the target and the collar will result in a downwards adjustment of the bonus on a straight-line basis. • Annual bonuses are paid in cash following completion of the audit and are subject to customary claw-back provisions.	• For 2018/19, targets have been set based on stretching revenue growth goals. This is a change to prior years when targets were based on internal sales goals. • For 2018/19 the on-target bonus for the CEO is 125% of base salary and the maximum bonus potential is capped at 250% of base salary. This represents an increase compared to the on-target bonus of 50% and cap of 100% that applied during 2017/18. This change was made as part of the annual review of compensation for the CEO in which no change was made to base salary and therefore represents a deliberate shift in the balance of CEO compensation from fixed to variable. • For 2018/19 the on-target bonus for the CFO is 50% of base salary and the maximum bonus potential is capped at 100% of base salary. This is unchanged from 2017/18.

Remuneration Committee report continued

Policy	Operation in 2018/19
Long-Term Incentive Plan ("LTIP")	
• The objective of the LTIP is to attract, retain and motivate the talent needed to successfully realise the Board's ambitions for the global growth of the Group. • The LTIP should incentivise and align the Executive Directors with the long-term interests of shareholders in promoting the success of the Group. • The design of the LTIP should also align with the Group's policy of using a wide distribution of equity incentives among all staff, and the level and structure of awards should sit consistently in that context. • For 2018/19 onwards, the Committee has approved a change in the Group's approach to LTIP awards to the Executive Directors (and other senior management). • Whereas from the time of the IPO until 2018, the LTIP policy was structured on the basis of market-value share options without further performance conditions, the Group will now cease using those instruments for Executive Directors and senior management. • Under the new policy, the LTIP will be based on awards of shares or nil-cost options that vest after a performance period of three years, subject to the achievement of appropriate performance conditions. • Customary clawback provisions shall apply. • The Group also operates a Share Incentive Plan ("SIP") for all UK employees under which small awards of shares are made annually. There are no performance conditions to the vesting of SIP awards, but they are subject to a vesting period of three years and to the statutory cap (currently £3,600 per employee). SIP rules require shares to be offered to all eligible UK employees on the same basis. The Directors therefore receive such awards on the same basis as other UK employees. In 2019 this will result in a SIP award equal to 1.7% of base salary (subject to the statutory cap). • The Group also operates share purchase plans that are open to all employees in the US and UK. Further details of those plans are set out in the notes to the financial statements on pages 68-71. Neither of the Executive Directors currently participates in those plans.	• For 2019, the performance conditions for two-thirds of each LTIP award are set based on stretching compound annual growth rate targets for recognised revenues over three years. These targets are not being disclosed in advance as the Group considers them to be commercially sensitive. • The performance condition for the remaining third of each 2019 LTIP award is set based on relative total shareholder return over three years compared to a group of comparator companies in the software and technology sectors of the LSE Main Market and AIM. The group selected consists of: Accesso, Avast, Aveva, Computacenter, Craneware, EMIS, First Derivatives, GB Group, Kainos, IMImobile, Iomart, Learning Technologies, Micro Focus, Microgen, NCC Group, Sage, SDL, Softcat. Median TSR performance compared to this group will result in 25% vesting of this portion of the award (there is no vesting below median). Top quartile performance will result in full vesting of this part of the award. • For 2019, the Committee has approved an award of Performance Shares to the CEO equal to 200% of base salary and to the CFO equal to 150% of base salary.

Annual Report on Remuneration

Service contracts and letters of appointment

The Executive Directors both have signed service contracts that are not fixed in duration and may be terminated by either party with 12 months' notice or less. The terms of employment and service contracts of the Executive Directors are determined by the Committee.

The Chairman's letter of appointment has a term of three years and may be terminated by either party on three months' notice. The remuneration of the Chairman is determined by the Committee.

Each other Non-Executive Director's letter of appointment has a term of three years and may be terminated by either party on one month's notice. The remuneration of the Non-Executive Directors is determined by the Board.

No Director is involved in the decision-making process for his or her own remuneration.

Remuneration of Directors for the year ending 31 October 2018

Director	Salary/Fees	Bonus	Pension	Other benefits	Total for 2018	Total for 2017
Jason Kingdon	£55,000	–	–	–	£55,000	£55,000
Alastair Bathgate[1]	£200,000	£157,314	£10,000	£8,148	£375,462	£221,786
Ijoma Maluza (appointed 25 January 2018)[2]	£118,656	£121,918	£4,542	£8,000	£253,116	–
Gary Johnson (resigned 25 January 2018)[3]	£26,498	–	-	£2,245	£28,743	£182,036
Chris Batterham	£50,000	–	–	–	£50,000	£50,000
Charmaine Carmichael	£50,000	–	–	–	£50,000	£50,000
Ken Lever	£50,000	–	–	–	£50,000	£50,000
Total	**£550,154**	**£279,232**	**£14,542**	**£18,393**	**£862,321**	**£608,822**

1 Alastair Bathgate received a payment during the year of £66,950 in respect of bonus earned during the 2016/17 financial year.
2 Ijoma Maluza served as an employee for a period prior to his appointment as a Director. He received £15,850 salary, £nil pension and £645 other benefits in respect of that period.
3 Following his resignation as a Director on 25 January 2018, Gary Johnson continued to serve as an employee of the Group until his retirement on 30 April 2018. He received a payment of £30,152 in salary and £2,554 in other benefits in respect of his services as an employee during that period.
Gary Johnson did not receive any bonus in respect of the year. He was paid £35,000 in January 2018 in respect of bonus earned during the 2016/17 financial year.
No severance payments were made.

Upon his retirement as an employee, 402,564 market value share options, which had been granted to Gary Johnson at IPO in 2016, vested in accordance with the terms of the Employee Share Plan, retirement being one of the specified “good leaver” scenarios under the Plan Rules. The options had been granted at the IPO market price of £0.78 per share and the closing mid-market price on 30 April 2018 was £14.04.

Salaries

The salary of the CEO was increased at the start of the year to £200,000, reflecting the increased scale and complexity of the Group, and the new CFO was appointed in January 2018 with a salary of £155,000. There were no changes made to the fees paid to Non-Executive Directors during the year.

Bonuses 2017/2018

The Executive Directors were eligible to earn a bonus of 50% of salary, based on achievement of a target for total Group net new sales, with the potential to over-achieve for sales in excess of the target subject to a maximum cap of 100% of base salary. Based on the Group’s over-achievement against its internal sales target, the annual performance bonus for the Executive Directors was 78.7% of the base salary of the CEO and CFO respectively. These bonuses were due for payment in January 2019.

Share incentives

Under the umbrella Employee Share Plan adopted by the Group at its IPO in March 2016, various types of share or option awards are possible, including market value share options, nil-cost options and contingent share awards.

An award of market value share options was made to the senior management of the Group in February 2018, including Alastair Bathgate. An award of market value options was made to Ijoma Maluza upon his appointment to the Board in January 2018. No performance conditions were attached to these awards in line with the Company’s previous policy. Details of these awards, and of awards made to the CEO on IPO, are set out in the table below.

The total share awards and share options held by the Executive Directors at 31 October 2018 were as follows:

Director	Type of award	Number	Date of award	Vesting date	Lapse date	Exercise price
Alastair Bathgate	Market value share option	497,436	18 March 2016	18 March 2019	18 March 2026	£0.78
	Market value share option	6,418	28 February 2018	28 February 2021	28 February 2028	£15.58
Ijoma Maluza	Market value share option	41,284	31 January 2018	31 January 2021	31 January 2028	£13.60

Directors’ interests in shares

The interests held as at 31 October 2018 by each Director who served during the financial year were as follows:

Director	Shares beneficially owned	Unvested share options	Performance shares	Total
Jason Kingdon	5,729,822	–	–	5,729,822
Alastair Bathgate	4,653,224	503,854	–	5,157,078
Ijoma Maluza	634	41,284	–	41,918
Gary Johnson (resigned 25 January 2018)	207,537	–	–	207,537
Chris Batterham	219,238	–	–	219,238
Charmaine Carmichael	356,717	–	–	356,717
Ken Lever	37,643	–	–	37,643

Directors' report

The following information is provided in the Strategic Report (on pages 2-31) and is incorporated into the Directors' Report by way of reference:

- Likely future developments in the business
- Research & development activities
- Business developments
- Details of branches outside the UK
- Details of any important post year events

Information on financial risks and uncertainties is contained within the risk report on pages 28-31.

Directors and their interests

The following Directors served within the 2018 financial year:
Jason Kingdon
Alastair Bathgate
Ijoma Maluza (appointed 25 January 2018)
Charmaine Carmichael
Ken Lever
Chris Batterham
Gary Johnson (resigned 25 January 2018)

The rules concerning the appointment and removal of a Director are contained in the Articles of Association which are available on our website (www.blueprism.com).

Directors interests and shareholdings are contained within the remuneration report on page 43-47. No changes took place between 31 October 2018 and the date of this report.

Dividends

No dividends have been recommended by directors or paid to shareholders in this financial year.

Disclosure to external auditors

In accordance with section 418 of the Companies Act 2006, the Directors of the Company confirm that the external auditors have been provided with all relevant information within the Directors' knowledge. The Directors have taken all reasonable steps to ascertain relevant information and ensure the auditors were made aware of such information.

Directors' indemnities

The Group maintains appropriate Directors and Officers insurance and has done so throughout the financial year. This policy is still in place as at the date of this report.

Political donations

No political donations have been made during the 2018 financial year (2017: nil).

Employees

The Company operates an equal opportunities policy which includes those who are classed as disabled. Individuals who identify as disabled are given equal opportunities with other employees in relation to training, development and promotion.

Further detail on how we communicate with our employees is provided in the Corporate Governance Statement on pages 38-39.

Share capital

As at 31 October 2018 Blue Prism had 67,047,399 Ordinary Shares (£0.01) in issue listed on AIM. These shares hold the right to vote at a general meeting. The closing market price on the 31 October 2018 was 1734p (1404p: 2017).

The Company also has 105,269,845 of deferred shares that do not have any voting rights. There are no specific restrictions on the transfer of shares. The Articles of Association for the Company can be accessed on the website at www.blueprism.com.

The Company has not purchased any of its own shares during the year.

Details of the number of share options held under the employee scheme is available on pages 69-71.

Shareholders

The following shareholders owned more than 3% of the Company's share capital as at 31 October 2018:

Name	No of Ordinary Shares	Percentage of Ordinary Shares
Merian Global Investors (UK) Limited	12,740,878	19.01%
Jason Kingdon	5,729,822	8.6%
Alastair Bathgate	4,653,224	7.0%
Abrams Bison Investments	3,622,000	5.4%
OppenheimerFunds	3,000,000	4.5%
David Moss	2,521,872	3.8%
Independent Investment Trust	2,200,000	3.3%
Hargreave Hale	2,087,855	3.1%

Going Concern statement

After making enquiries, the Directors have confidence that the Group has adequate resources to continue in operational existence for the forseeable future. For this reason they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Annual General Meeting

The Company will hold the 2018 AGM on Tuesday 19 March 2019. The Notice of the Meeting accompanies the Annual Report and Accounts.

Independent auditors

BDO, the Company's auditors have confirmed they wish to remain the Company's external auditors for a further twelve-month term. The Board, having assessed their effectiveness and independence, support this and will be proposing a resolution at the 2018 AGM.

By order of the Board

John Warrick
Company Secretary
24 January 2019

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report

to the members of Blue Prism Group plc

Opinion

We have audited the financial statements of Blue Prism Group plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 October 2018 which comprise the consolidated statement of profit or loss and comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the Company statement of financial position, the Company statement of cash flows, the Company statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:
- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 October 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter	International Standards on Auditing (UK) ("ISAs (UK)") note that there is a presumed significant audit risk arising from inappropriate or incorrect recognition of revenue unless conditions exist that permit the rebuttal of that risk. Due to the different elements of the contracts entered into by the Group and the length of those contracts also varying, the key risk of material misstatement arises both from the recognition of revenue around the year end (cut-off) and the revenue recognition policy itself, as detailed within note 1 of these financial statements, ensuring it is in line with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Cut-off risk arises around the correct apportionment of revenue to the correct accounting period and subsequent amount deferred at the year end.
How the key audit matter was addressed by our audit scope	Our procedures included reviewing the Group's adopted revenue recognition policy in accordance with the requirements of IAS 18 – Revenue. We have reviewed the adopted policy, and confirmed for a sample of contracts that application has been adhered to throughout the year. Furthermore, we have performed specific substantive testing over each revenue stream, including the following: • Generating expectations of contract revenue recognised during the period based upon both ongoing contracts entered into in the prior period and contracts entered into during the current period, taking into consideration the revenue days applicable to the financial year. Inputs into this calculation have been tested substantively including selecting a sample of items and tracing to source documentation such as customer contracts. We have also traced from the source listing of revenue generating items back into the population used to generate expectations to ensure completeness. For those contracts spanning over the year end, a sample of the balances deferred were re-calculated. • Critically reviewed the existence and accuracy of deferred revenue balances shown in the statement of financial position at year end to ensure no material misstatements were identified by vouching deferred revenue calculation inputs to supporting documentation.

Independent auditor's report continued

to the members of Blue Prism Group plc

Introductory commissions payable

Key audit matter	Blue Prism Group plc provide commission to sales personnel who introduce the first sales contract with a new customer to the business. This commission is accrued from the point at which a contract is signed, and is paid upon receipt of the cash from the first invoice raised against the contract as detailed in the policy for Introductory commissions within note 1 of the financial statements. Each new sale will earn commission for a number of sales people who were involved in its origination, and each sales person will have an agreed rate of commission earned for each deal, which may differ throughout the year from customer to customer depending on the significance of each introduction. The additional consideration is the proportion of the contract value to which the commission rate is applied. This can range from the total contract value to half of the total contract value. Given the number of contracts that one employee may work on, the number of different rates that can be agreed, and the agreed proportion of total contract value to which these are applied over, this calculation is complex. There is therefore a risk of understatement of the year end accrual for introductory commissions payable and the completeness of commissions expense throughout the year.
How the key audit matter was addressed by our audit scope	The focus of the audit for the completeness of commissions payable at year end and expense for the year included confirmations from all sales employees with regards to the amount they earned in commission during the year from the contracts that they were involved with and the amount they had actually received in commission payments during the year against the total payable. This provided audit evidence over both the income and expenditure charge for the year, and the amounts outstanding at the year end included in the commissions accrual. Furthermore, given the inputs feeding into this calculation are factual, we have performed the following specific substantive testing to further support the overall confirmations: • Sampled the sales workforce substantively, looking at the breakdown of commissions earned for the sample, and agreed the rates applied to signed commission statements agreed as part of the rate setting exercise for a sales person's performance for the year. • For the sample identified, we agreed the total contract values of the sales these individuals had introduced to the business. • Reviewed payments made in the year against the brought forward position and commissions earned to re-calculate the closing position.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage we set an overall level of materiality for the financial statements as a whole based on our understanding of the elements of the financial statements that are likely to be of greatest significance to users. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality

Planning materiality for the Group as a whole was set at £830,000 (2017: £368,000), which represents 1.5% (FY2017: 1.5%) of Group revenue. Revenue provides us with a consistent year on year basis for determining materiality and has been concluded as the most relevant performance measure to the stakeholders of the Group, while also providing a more stable measure year on year when compared to the Group loss before tax. Parent Company materiality has been set at £750,000, reflecting 1.5% (FY2017: 1.5%) of total assets of the entity, which has been deemed the most suitable benchmark for a non-trading holding Parent Company.

Performance materiality

Based upon our assessment of the risks within the Group and the Group's control environment, performance materiality for the financial statements has been set at £580,000 (FY2017: £276,000), being 70% (FY2017: 75%) of planning materiality. Parent Company performance materiality has been set at £525,000, reflecting 70% (FY2017: 75%) of planning materiality.

Performance materiality levels used for the 2 key components identified within the Group were based upon the same benchmarks and percentages detailed for the Group, due to each component being consistent in both nature, audit risks identified and control environment to the Group as a whole. In the current year, the range of planning materiality and performance materiality allocated to components was £510,000 to £310,000 (FY2017: £234,000 to 134,000) £357,000 to £217,000 (FY2017: £175,500 to £100,500) respectively.

Reporting threshold

The reporting threshold is the amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £24,000 (FY2017: £18,400), which is set at 3% (FY2017: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements at the Group level.

In determining the scope of our audit we considered the size and nature of each component within the Group to determine the level of work to be performed at each in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements of the Group as a whole.

We obtained an understanding of the internal control environment related to the financial reporting process and assessed the appropriateness, completeness and accuracy of Group journals and other adjustments performed on consolidation.

Classification of component
Two components were identified as significant (defined as those that contributed greater than 15% of Group revenue) and have been audited for Group reporting purposes.

The 2 significant components audited for Group reporting purposes accounted for 100% (FY2017: 100%) of the Group's revenue, 55% (FY2017: 86%) of the Group's loss before tax and 53% (FY2017: 59%) of the Group's total assets and have been subject to a full scope audit. The Group audit team carried out these audits using materiality levels specified above.

Significant costs were also identified in 2 further components, which were tested substantively to component materiality as part of the Group audit by the Group audit team. Total coverage over the cost base of the Group tested after these 2 components were taken into account amounted to 96%.

The remaining 5 components, which were not identified as significant, have been reviewed, by the Group audit team, for Group reporting purposes, using analytic procedures to corroborate the conclusions reached that there were no significant risks of material misstatement of the aggregated financial information of those components.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report continued
to the members of Blue Prism Group plc

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

Use of our report
This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicole Martin (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
24 January 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 October 2018

	Note	2018 £'m	Restated 2017 £'m
Revenue	4	**55.2**	24.5
Cost of sales	5	**–**	–
Gross profit		**55.2**	24.5
Operating expense		**(81.2)**	(34.6)
Operating expenses before share based payments	6	**(77.2)**	(32.9)
Share-based payments	17	**(4.0)**	(1.7)
Operating expenses		**(81.2)**	(34.6)
Operating loss		**(26.0)**	(10.1)
Interest received on bank deposits		**–**	–
Loss before tax		**(26.0)**	(10.1)
Tax expense	8	**(0.2)**	(0.3)
Loss from operations		**(26.2)**	(10.4)
Other comprehensive income			
Exchange (losses)/gains on translation of foreign operations		**(0.7)**	0.3
Total other comprehensive (loss)/income		**(0.7)**	0.3
Total comprehensive loss for the year		**(26.9)**	(10.1)
Basic and diluted loss per share attributable to shareholders (p)	9	**(39.96)**	(16.67)

The notes on pages 59 to 72 form part of these financial statements.

Consolidated statement of financial position
at 31 October 2018

	Note	2018 £'m	Restated 2017 £'m
Non-current assets			
Intangible assets	10	**0.2**	-
Property, plant and equipment	11	**0.9**	0.4
Total non-current assets		**1.1**	0.4
Current assets			
Trade and other receivables	13	**28.1**	14.9
Cash and cash equivalents	22	**50.5**	16.3
Total current assets		**78.6**	31.2
Total assets		**79.7**	31.6
Current liabilities			
Trade and other payables	14	**20.0**	9.1
Deferred revenue		**42.1**	23.0
Total current liabilities		**62.1**	32.1
Non-current liabilities			
Deferred revenue		**5.8**	4.3
Total non-current liabilities		**5.8**	4.3
Total liabilities		**67.9**	36.4
Net assets/(liabilities)		**11.8**	(4.8)
Equity attributable to shareholders			
Called up share capital	16	**1.7**	1.7
Share premium	16	**50.2**	9.6
Merger reserve	18	**0.4**	0.4
Foreign Exchange reserve	18	**(0.4)**	0.3
Share based payment reserve	18	**4.2**	1.3
Accumulated losses	18	**(44.3)**	(18.1)
Total equity		**11.8**	(4.8)

The financial statements on pages 55 to 78 were approved and authorised for issue by the Board of Directors on 24 January 2019 and were signed on its behalf by:

Ijoma Maluza
Director

The notes on pages 59 to 72 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 October 2018

	Note	2018 £'m	Restated 2017 £'m
Cash flows from operating activities			
Loss for the year		**(26.2)**	(10.4)
Adjustments for:			
Amortisation of intangible fixed assets		**0.1**	–
Depreciation of property, plant and equipment	11	**0.3**	0.1
Finance income		**–**	–
Share-based payment expense	17	**3.0**	1.1
Income tax expense	8	**0.2**	0.3
		(22.6)	(8.9)
Increase in trade and other receivables		**(13.1)**	(9.3)
Increase in trade and other payables		**9.7**	5.7
Increase in deferred revenue		**20.6**	16.9
Cash (used in)/generated from operations		**(5.4)**	4.4
Income taxes paid		**–**	–
Net cash flows from operating activities		**(5.4)**	4.4
Investing activities			
Purchase of intangible fixed assets		**(0.3)**	–
Purchases of property, plant and equipment	11	**(0.8)**	(0.4)
Interest received		**–**	–
Net cash used in investing activities		**(1.1)**	(0.4)
Financing activities			
Issue of Ordinary Shares		**41.9**	0.4
Issue costs		**(1.3)**	
Net cash from financing activities		**40.6**	0.4
Net increase in cash and cash equivalents		**34.1**	4.4
Cash and cash equivalents at beginning of year		**16.3**	11.8
Effect of foreign exchange on cash & cash equivalents		**0.1**	0.1
Cash and cash equivalents at end of year	22	**50.5**	16.3

The notes on pages 59 to 72 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 October 2018

	Share capital £'m	Share premium £'m	Share based payment reserve £'m	Foreign exchange reserve £'m	Merger reserve £'m	Accumulated losses £'m	Total equity £'m
Equity as at 31 October 2016	1.7	9.2	0.3	–	0.4	(7.7)	3.9
Comprehensive income for 2017							
Loss	–	–	–	–	–	(10.4)	(10.4)
Other comprehensive income	–	–	–	0.3	–	–	0.3
Total comprehensive income for the year	–	–	–	0.3	–	(10.4)	(10.1)
Contributions by and distributions to owners							
Exercise of options	–	0.4	–	–	–	–	0.4
Share based payments – restated	–	–	1.1	–	–	–	1.1
Forfeit of share options	–	–	(0.1)	–	–	–	(0.1)
Equity as at 31 October 2017 – restated	1.7	9.6	1.3	0.3	0.4	(18.1)	(4.8)
Comprehensive income for 2018							
Loss	**–**	**–**	**–**	**–**	**–**	**(26.2)**	**(26.2)**
Other comprehensive income	**–**	**–**	**–**	**(0.7)**	**–**	**–**	**(0.7)**
Total comprehensive income for the year	**–**	**–**	**–**	**(0.7)**	**–**	**(26.2)**	**(26.9)**
Contributions by and distributions to owners							
Exercise of options	**–**	**1.9**	**–**	**–**	**–**	**–**	**1.9**
Issue of shares	**–**	**40.0**	**–**	**–**	**–**	**–**	**40.0**
Cost of share issue	**–**	**(1.3)**	**–**	**–**	**–**	**–**	**(1.3)**
Share based payments	**–**	**–**	**3.0**	**–**	**–**	**–**	**3.0**
Forfeit of share options	**–**	**–**	**(0.1)**	**–**	**–**	**–**	**(0.1)**
Equity as at 31 October 2018	**1.7**	**50.2**	**4.2**	**(0.4)**	**0.4**	**(44.3)**	**11.8**

The notes on pages 59 to 72 form part of these financial statements.

Notes forming part of the financial statements
for the year ended 31 October 2018

1 Accounting policies
Basis of preparation
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.

Changes in accounting policies
a) New standards, interpretations and amendments effective from 1 November 2016
There were no new standards or interpretations effective for the first time for periods beginning on or after 1 November 2016. None of the amendments to Standards that are effective from that date had a significant effect on the Group’s financial statements.

b) New standards, interpretations and amendments not yet effective
The following new IASB standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, may have a material impact on these financial statements:

IFRS 15 Revenue from Contracts with Customers, effective for periods commencing on or after 1 January 2018. The Company has undertaken a thorough review of the impact of IFRS 15, which will become effective for the accounting period beginning 1 November 2018. The standard has the potential to impact revenue recognition and accounting for commission on sales.
- Revenue recognition: Under the prior standard, IAS 18, revenue was recognised rateably/straight line over the life of the contract. IFRS 15 requires us to make more detailed judgments and the implication is that a small portion of licence revenues must be recognised at the point in time that a licence key is issued to a customer. In FY2018 the impact to revenues (had they been reported under IFRS 15) would have been an uplift in the range of £1–2m.
- Accounting for commission on sales: previously commission on sales was recognised in its entirety on completion of the sale. This will change under IFRS 15, and sales commission will be capitalised and then amortised over time in line with the revenue treatment for the contract it relates to. In FY2018 this would have reduced commissions expense by £8–10m had Blue Prism reported under IFRS 15.
- The combined effect of the above would have improved the operating loss by £9–12m.
- Additionally, Blue Prism would have reported an asset on the balance sheet related to capitalisation of commissions. At the end of the financial year this would have been in the range of £14–16m.

IFRS 9 *Financial Instruments*, effective for periods commencing on or after 1 January 2018. The impact of this standard is not considered material on these financial statements.

IFRS 16 Leases, effective for periods commencing on or after 1 January 2019. The Directors are assessing the impact of this standard and the possible impact of any leases being capitalised on the balance sheet. A full review is yet to take place. Due to the pace of growth of the business this will be more appropriately reviewed during 2019.

Changes to the accounting policy for national insurance on share based payments
The Group has amended its accounting policy for national insurance on share based payments following a Group review of the policy with regards to all available guidance. Following the adoption of this updated policy the Group is now accruing for national insurance as part of its share based payments charge in line with IFRS 2, in each accounting period. A prior year restatement has been made following this change in accounting policy.

The impact of the change in accounting policy on the consolidated income statement for 2017 is:

	2017 £'m
Total previous loss before tax	(9.5)
Share-based payments charge	(0.6)
Total adjustment to loss before tax	(10.1)

The impact of the change in accounting policy on previously reported total equity may be summarised as follows:

	2017 £'m
Total equity as previously reported	(4.2)
Re-statement for change in accounting policy	
Loss and total comprehensive income for the period	(0.6)
Total equity as restated	(4.8)

The impact of the change in accounting policy on the previously reported consolidated statement of financial position as at 31 October 2017 may be summarised as follows:

	As previously reported £’m	Impact of restatements £’m	Restated £’m
Trade and other payables	(8.5)	(0.6)	(9.1)

Notes forming part of the financial statements continued
for the year ended 31 October 2018

1 Accounting policies continued
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. Due to the nature of the Group's business model, which involves annual invoicing of software licences and recognising the revenues over the period of the contract, and due to the fast growth of the business, the deferred revenue account has grown significantly which has reduced the net asset position in the financial statements. The deferred income is non refundable and so the Directors are confident that the business has sufficient working capital to satisfy liabilities as they arise.

Group reorganisation and IPO
During 2016 the Group was subject to restructuring prior to the IPO. Blue Prism Group plc was positioned at the top of the Group as the new Parent Company, with the former Parent, Blue Prism Limited, becoming a wholly owned direct subsidiary of Blue Prism Group plc through a share-for-share exchange. Such Group reorganisations are outside of IFRS 3 as the Company does not meet the definition of a business and as such has been accounted for as a Group reorganisation rather than a reverse acquisition.

The Group reconstruction in 2016 has been accounted for using merger accounting principles. Therefore, the consolidated financial statements of Blue Prism Group plc are presented as if Blue Prism Group plc and Blue Prism Limited had always been part of the same Group. Accordingly, the results of Blue Prism Limited for the entire year ended 31 October 2016 are shown in the consolidated statement of comprehensive income.

Transaction costs that relate directly to the issue of new equity instruments were accounted for as a deduction from equity. Where IPO transaction costs related to both the listing of pre-existing and newly issued shares, those costs have been allocated proportionally between profit or loss and equity on the basis of the proportion of the new shares issued.

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 licence is reached, allowing them access to the software for the licence period.

Revenue includes the provision of a licence through a software key, follow up support, and maintenance, throughout the term of the licence. 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 licence and follow up services is recognised from the licence start date over the period of the licence, 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 revenue is accrued throughout the licence term on an ongoing basis. Support is provided throughout the licence period, and varies depending on how the customer chooses to deploy the software.

Revenue for these licences, 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.

The Group also recognises revenue from Blue Prism World events which are held annually in multiple geographies. This revenue mainly relates to sponsorship revenue received from various partners and external organisations participating in the Blue Prism World events.

Introductory commission
Introductory 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.

During the prior period the Board made the decision to change the functional currency of Blue Prism Software Inc, a wholly owned subsidiary within the Blue Prism Group, to US dollars. The decision to change the functional currency to US dollars was made as a consequence of sales volumes increasing in the prior period and expenses becoming increasingly US dollar denominated. As a result of this, with effective 1 November 2016, the functional currency changed to US dollars.

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 3 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.

National Insurance on share options which will incur future National Insurance on exercise, is accrued for the future cost of National Insurance from the point the options are granted over their vesting period. This accrual is then reviewed and amended at each subsequent balance sheet date under IFRS 2.

Defined contribution pension schemes
Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Leased assets
Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Deferred taxation
Deferred tax is recognised in respect of relevant temporary differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The deferred tax assets and liabilities are not discounted.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The principal annual rates used for this purpose are:

Computer equipment – straight line over 3 years

Notes forming part of the financial statements continued
for the year ended 31 October 2018

1 Accounting policies continued
Research and development expenditure
Research expenditure is recognised as an expense when it is incurred.

Development expenditure is capitalised if, and only if, the Group can demonstrate all of the following:
(i) the ability to measure reliably the expenditure attributable to the asset under development;
(ii) the product or process is technically and commercially feasible; its future economic benefits are probable;
(iii) the ability to use or sell the developed asset; and
(iv) the availability of adequate technical, financial and other resources to complete the asset under development.

Any capitalised development expenditure will be amortised on a straight-line method when the services are ready for sale or use. If it is no longer probable that the expected future economic benefits will be recovered, the development expenditure would be written down and amortised to its recoverable amount. If the capitalisation criteria are met, development expenditure may be measured at cost less accumulated amortization and impairment losses, if any.

Criteria for recognition of intangible assets
Internally-generated RPA development costs qualify for capitalisation when Blue Prism 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 existence of a market or, if it is to be used internally, the usefulness of the intangible asset.
- 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 development.

Generally, commercial viability of new RPA innovations and product enhancements is not proven until development issues have been resolved through testing pre-launch versions. Blue Prism assesses the eligibility of development costs for capitalisation on a project-by-project basis.

Development costs which are incurred after the release of internally-generated RPA or costs which are incurred in order to enhance existing RPA products are expensed in the period in which they are incurred and included within research and development expense in the consolidated statement of profit or loss and other comprehensive income.

Amortisation of intangible assets
Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of internally generated RPA. Blue Prism currently only has intangible assets with finite lives.

The estimated useful life of internally generated RPA is 18 months to 2 years depending on the intangible asset.

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 licence 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 2 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 licence 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. In accordance with IAS 38 Blue Prism will only recognise the costs of an intangible asset if and only if:
  1. It is more likely than not that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.
  2. If the costs associated with the potential recognition of an intangible asset do not meet both criteria 1 and 2 set out above, then no intangible asset will be recognised.
  3. The above criteria will also need to be satisfied and performed each time an entity incurs potentially eligible expenditures relating to expenditure in connection with a potential acquisition or internally generated expenditure in respect of an intangible asset.
  4. Blue Prism's policy which is in accordance with IAS 38 states that if criteria 1 and 2 above are not met at the time that the expenditure is incurred an expense is recognised and such costs are never reinstated as an intangible asset in the future.
  5. Blue Prism undertakes ongoing research and development expenditure in respect of the internally generated robotic process automation ("RPA") software. To avoid the inappropriate recognition of an intangible asset, IAS 38 requires that internally generated assets need to meet the general requirements for recognition and initial measurement, but also meet criteria which confirm that the related activity is at a sufficiently advanced stage of development, is both technically and commercially viable and includes only directly attributable costs.

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.

3 Financial instruments – risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Capital risk management

The Group manages its capital to ensure that all Group entities will be able to continue on a going concern basis while maximising its long-term return to shareholders. The capital structure of the Group consists of Company equity only, comprising issued capital, share premium, reserves and retained earnings. The Group is not exposed to any externally imposed capital requirements and has no borrowings.

Financial instruments by category

Financial assets	2018 £'m	Restated 2017 £'m
Trade receivables	**22.5**	13.6
Other debtors	**0.5**	0.7
Cash and cash equivalents	**50.5**	16.3
Total financial assets	**73.5**	30.6

Financial liabilities	2018 £'m	2017 £'m
Trade and other payables	**4.1**	1.6
Accruals and other payables	**13.7**	5.8
Total financial liabilities	**17.8**	7.4

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 13.

Cash at bank and short-term deposits

The Group's cash is held on deposit with the Group's principal bankers.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency, with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

During the year the Group's potential exposure to currency risk has increased due to the increased level of business in the US. The Group is predominantly exposed to currency risk on the balances held in working capital within the Group and the exposure is concentrated therefore in the movement of the US dollar against sterling. The effect of a strengthening and weakening of 10% of the US dollar against sterling at the reporting date on the working capital balances held at this date, on the basis that all other variables remained constant, would have resulted in the following pre-tax profit or (loss) impact for the year as follows:

Notes forming part of the financial statements continued
for the year ended 31 October 2018

3 Financial instruments – risk management continued

	10% strengthening £'m	10% weakening £'m
US dollar to sterling	0.4	(0.4)

Liquidity risk
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

The maximum exposure to liquidity risk is the trade payables and sales introduction commissions accrued at the year end, these are all current and expected to be settled within 90 days of the year end.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances for at least 12 months from the date of signing these financial statements.

4 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 across three regions: 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:

	2018 £'m	2017 £'m
Revenue from EMEA Operations	**26.8**	13.7
Revenue from The Americas Operations	**21.3**	9.0
Revenue from APAC Operations	**7.1**	1.8
Total	**55.2**	24.5

Revenues from each country where more than 10% of the Group revenues:		
UK	**13.1**	7.3
US	**16.6**	7.2
Nordic countries	**3.8**	–
Australia and Middle East	**3.3**	–
Canada	**3.0**	–
South Africa	**1.3**	–
Rest of world	**14.1**	10.0
Total	**55.2**	24.5

Revenue
The Group currently has 2 key sources of revenue:
- Licencing – for the provision of software licences, where the agreement is established of a legally binding contract between the Group and its customers. Standard maintenance and support services are included in the licence fee.
- Professional services, training, events and sponsorship – where the customer requires consultancy or training on a project by project basis, or sponsorship for the Blue Prism World events.

	2018 £'m	2017 £'m
Licences	**51.7**	22.3
Professional services, training, events and sponsorship	**3.5**	2.2
	55.2	24.5

There are no customers who generate 10% or more of the Group's revenues.

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.

5 Cost of sales

	2018 £'m	2017 £'m
Recharged costs	**–**	–

6 Operating loss

	2018 £'m	Restated 2017 £'m
Operating loss is after charging:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.1**	–
Fees payable to the Company's auditor for other services:		
Audit of the accounts of subsidiaries	**0.1**	0.1
Audit-related assurance services	**–**	–
Tax services	**–**	–
Depreciation of property, plant and equipment	**0.3**	0.1
Amortisation of intangible fixed assets	**0.1**	–
Staff costs (note 7)	**57.5**	25.4
Travel and entertaining	**8.1**	3.2
Legal costs in respect of contracts	**1.0**	2.6
R&D expenses	**4.0**	2.1
Marketing expenses	**6.3**	2.6
Operating lease expense: Other	**2.0**	0.4

7 Staff costs

	2018 £'m	Restated 2017 £'m
Staff costs (including Directors emoluments) comprise:		
Wages and salaries	**44.1**	17.6
Social security contributions and similar taxes	**3.4**	3.3
Share-based payment expense	**4.0**	1.7
Pension costs	**1.4**	0.6
Other staff costs	**4.6**	2.2
Total staff costs	**57.5**	25.4

Staff costs include sales introduction commissions in the amount of £15.4m (FY2017: £7.9m). Other staff costs are made up of recruitment costs and other miscellaneous staff costs.

Average monthly number of employees (including Directors) during the period:

	2018 Number	2017 Number
Directors*	**7**	6
Staff		
Administration	**28**	11
Sales and marketing	**222**	67
Technical services	**61**	50
	318	134

* For 2017 Directors denotes the average number of Blue Prism Group plc Directors including 3 Non-Executive Directors. The remuneration of the highest paid Director is shown in the Directors' Report.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed on page 36 to 37, and the Directors of Blue Prism Limited.

	2018 £'m	2017 £'m
Salary	**1.6**	1.2
Bonuses	**0.7**	0.3
Commission	**0.5**	0.4
Pension contributions	**0.1**	0.1
Employers NI contributions	**0.3**	0.2
Car allowances	**0.1**	0.1
	3.3	2.3

The fair value of the share options issued to the key management personnel in FY2018 is £nil (FY2017: £nil), with one third charged to the profit and loss each year. The profit and loss charge for the year ended 31 October is £0.2m (FY2017: £0.2m).

Notes forming part of the financial statements continued

for the year ended 31 October 2018

8 Tax expense

	2018 £'m	2017 £'m
Current tax expense		
Current tax on loss for the year	–	–
Foreign tax	0.2	0.3
Total current tax	–	–
Deferred tax expense		
Release of deferred tax assets in respect of prior periods	–	–
Total deferred tax	–	–
Total tax expense	0.2	0.3

No deferred tax asset has been recognised in the year ended 31 October 2018 (FY2017: £nil) in relation to tax losses available due to the uncertainty of their utilisation in the near future.

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2018 £'m	Restated 2017 £'m
Loss before tax	(26.0)	(10.1)
Tax at domestic rate 19% (FY2017: 19.41%)	(4.9)	(2.0)
Effects of:		
Expenses not deductible for tax purposes	1.4	–
Tax on share options exercised in the period	–	0.2
Differences on foreign tax rates	–	0.3
Share options exercised in the period	(0.4)	(0.4)
Deferred tax not recognised	4.6	2.2
Foreign tax on UK income	(0.4)	–
Deferred tax asset released during the period	–	–
Capital allowances in (excess)/deficit of depreciation	–	–
Adjustments in respect of previous years	(0.1)	–
Total tax expense	0.2	0.3

The Blue Prism Group plc has tax losses of approximately £43.2m (31 October 2017: £29.6m) to carry forward against future profits. The tax value of such losses amounted to £5.5m (31 October 2017: £7.0m). The UK tax losses have no expiry date. US tax losses expire after 20 years if not utilised.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. On the basis there is insufficient evidence that future taxable profits will be available to utilise the tax losses, (note 15) no deferred tax asset has been recognised in respect of the trading losses carried forward.

9 Basic and diluted loss per share

Numerator	2018 £'m	Restated 2017 £'m
Loss for the year and earnings used in basic EPS	(26.2)	(10.4)
Denominator	'000	'000
Weighted average number of shares used in basic EPS	65,560	62,371
Basic and diluted weighted losses per share (pence)	(39.96)	(16.67)
Denominator	'000	'000
Potential diluted average number of shares	86,489	67,940

10 Intangible fixed assets

	Total £'m
Cost	
At 1 November 2017	–
Additions	0.3
At 31 October 2018	0.3
Accumulated depreciation and impairment	£'m
At 1 November 2017	–
Amortisation	0.1
At 31 October 2018	**0.1**
Net book value	
At 31 October 2017	–
At 31 October 2018	**0.2**

11 Property, plant and equipment

	Plant, machinery £'m	Leasehold improvements £'m	Total £'m
Cost			
At 1 November 2016	0.3	–	0.3
Additions	0.3	–	0.3
At 31 October 2017	0.6	–	0.6
At 1 November 2017	0.6	–	0.6
Additions	0.7	0.1	0.8
Disposals	(0.1)	–	(0.1)
Foreign exchange movements	–	–	–
At 31 October 2018	1.2	0.1	1.3
Accumulated depreciation and impairment	£'m	£'m	£'m
At 1 November 2016	0.1	–	0.1
Depreciation	0.1	–	0.1
At 31 October 2017	0.2	–	0.2
At 1 November 2017	0.2	–	0.2
Depreciation	0.3	–	0.3
Disposals	(0.1)	–	(0.1)
Foreign exchange movements	–	–	–
At 31 October 2018	**0.4**	**–**	**0.4**
Net book value			
At 31 October 2017	0.4	–	0.4
At 31 October 2018	**0.8**	**0.1**	**0.9**

12 Subsidiaries

The subsidiaries of Blue Prism Group plc, all of which have been included in these consolidated financial statements, are as follows:

		Proportion of ownership interest at 31 October	
Name	**Country of incorporation and principal place of business**	**2018**	**2017**
Blue Prism Limited	United Kingdom	**100%**	100%
Blue Prism Software Inc*	United States	**100%**	100%
Blue Prism Pty Ltd*	Australia	**100%**	100%
Blue Prism K.K.*	Japan	**100%**	100%
Blue Prism India Pvt Ltd*	India	**100%**	100%
Blue Prism GmbH*	Germany	**100%**	N/A
Blue Prism SARL*	France	**100%**	N/A
Blue Prism Pte. Ltd*	Singapore	**100%**	N/A
Blue Prism HK Limited*	Hong Kong	**100%**	N/A

* Indirectly held through Blue Prism Limited.

Notes forming part of the financial statements continued
for the year ended 31 October 2018

12 Subsidiaries continued
The registered addresses of each of the subsidiaries are shown below:

Name	Registered address
Blue Prism Limited	2 Cinnamon Park, Crab Lane, Warrington, WA2 0XP
Blue Prism Software Inc*	1688 Meridian Avenue, Suite 700 Miami Beach, Florida, 33139
Blue Prism Pty Ltd*	Level 16, 201 Elizabeth Street, Sydney, NSW 2000
Blue Prism K.K.*	Tokyo Club Building, 11F, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo
Blue Prism India Pvt Ltd*	2nd Floor, Plot No. 19/4&27, Varthur Hobli, Bangalore 560103
Blue Prism GmbH	Maximilianstraße 54, 80538 München
Blue Prism SARL	50 Rue de la Victoire, 75009 Paris
Blue Prism Pte. Ltd	38 Beach Road, South Beach Tower, #29-11, Singapore, 189767
Blue Prism HK Limited	31/F., Tower Two, Times Square, Matheson Street, Causeway Bay, Hong Kong

13 Trade and other receivables

	2018 £'m	2017 £'m
Trade receivables	**22.6**	13.6
Less: provision for impairment of trade receivables	**(0.1)**	–
Trade receivables – net	**22.5**	13.6
Prepayments and other debtors	**5.6**	1.3
Total trade and other receivables	**28.1**	14.9

As at 31 October 2018 trade receivables of £7.8m (FY2017: £4.1m) were past due but not impaired. They relate to customers with no default history. An impairment of £0.1m was recognised in the year in respect to the provision for impairment of trade receivables. The ageing analysis of these receivables is as follows:

	2018 £'m	2017 £'m
Up to 30 days overdue	**4.7**	1.7
30 to 60 days overdue	**1.2**	1.4
90 days or more and overdue	**1.9**	1.0
	7.8	4.1

14 Trade and other payables

	2018 £'m	Restated 2017 £'m
Trade payables	**4.1**	1.6
Other payables	**1.1**	1.7
Accruals	**14.8**	5.8
Total trade and other payables	**20.0**	9.1

15 Deferred tax assets
No deferred tax asset has been recognised in the year ended 31 October 2018 (FY2017: £nil) in relation to trading losses available due to the uncertainty of their utilisation in the near future.

16 Share capital

Allotted and fully paid up	2018 £'m	2017 £'m
Ordinary Share capital	**0.7**	0.7
Deferred shares	**1.0**	1.0
Total	**1.7**	1.7

		Issued and fully paid	
	Number	Share capital £'m	Share premium £'m
Total Ordinary Shares at 31 October 2016	62,210,968	0.6	9.2
Share options exercised in the year	452,665	0.1	0.4
Shares issued under the Company Share Investment Plan	586	–	–
Total Ordinary Shares at 31 October 2017	62,664,219	0.7	9.6
Share options exercised in the year	1,157,141	–	1.9
Shares issued under the Company Share Investment Plan	17,466	–	–
Shares issued under the Company Employee Stock Purchase Plan	33,969	–	–
Shares placed in the year	3,174,604	–	40.0
Cost of share placing	–	–	(1.3)
Total Ordinary Shares at 31 October 2018	**67,047,399**	**0.7**	**50.2**

Ordinary Shares are classed as equity

As part of the Group restructure, 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, no rights to income and the right to a return of a maximum of £0.001 on a winding up of the Company.

17 Share options

The Group operates 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 10-year options. The Employee Share Plan options for staff vest over a 3-year period, one third each year. Directors options under the Employee Share Plan vest at the end of the 3-year period. Options awarded under the Non-Employee Share Plan vest over 3 years, one third each year.

The Group also operates 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 3-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 3-year period from the date of grant.

For the Group’s UK employees, the Company operates 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 operates 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 6 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.

During the year 1,013,419 (FY2017: 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 £1,257,063 (FY2017: £1,512,703). Of this £1,257,063 has been charged to the profit and loss for the year (FY2017: £1,131,433).

The exercise price of options outstanding at 31 October 2018 ranged between 78p and 2500p (FY2017: 78p and 1344p) and average contractual life left for all options is 8.24 years (FY2017: 8.65 years).

Notes forming part of the financial statements continued
for the year ended 31 October 2018

17 Share options continued

	Number of options	Weighted average option price (£)
Share options on £1 Ordinary Shares outstanding at 1 November 2015	154,155	1.03
Share options on £1 Ordinary Shares exercised on 21/12/15	(1,000)	1.00
£1 Ordinary Share options cancelled on 01/12/15	(800)	1.25
Share options on £1 Ordinary Shares exercised on IPO	(152,355)	1.03
Balance of share options outstanding at IPO	–	–
Share options on 1p Ordinary Shares granted at IPO on 18/3/16	4,861,859	0.78
Share options on 1p Ordinary Shares granted on 9/8/16	567,947	2.236
Share options on 1p Ordinary Shares granted on 5/10/16	25,352	3.085
Share options on 1p Ordinary Shares granted on 27/10/16	24,430	3.07
Share options forfeited in the period	(42,735)	0.78
Share options on 1p Ordinary Shares outstanding at 1 November 2016	5,436,853	0.95
Share options awarded during in the period	1,193,203	7.50
Share options forfeited in the period	(118,749)	1.05
Share options exercised in the period	(457,665)	0.96
Share options outstanding at 31 October 2017	6,053,642	2.24
Share options awarded in the period	1,013,419	17.28
Share options forfeited in the period	(47,218)	2.53
Share options exercised in the period	(1,169,246)	1.30
Share options outstanding at 31 October 2018	5,850,597	4.99

Of the 5,850,597 share options outstanding at 31st October 2018, 1,064,910 have vested and are exercisable (31 October 2017: 477,310 vested and exercisable).

The weighted average fair value of each option granted during the year was 4.99 (2017: 2.24).

The fair value of share options issued in the year has been measured using the Black-Scholes model using the following key assumptions:

Assumption	Description and purpose
Volatility	In the absence of historic volatility data, expected volatility has been estimated using the volatility of comparable companies. The volatility used was between 30% and 31%.
Expected time to exercise	The expected time to exercise used was 5 years.
Dividends	It was assumed no dividend would be paid.
Option exercise price	The option exercise price determined was the share price at the date of the award for the US awards and the price on the day before the date of the award for the non US awards, in accordance with the US ISO option rules.
Risk free rate	The risk free rate applied was based on the 5-year UK government bond yields at the time of the valuation.
Retention of employees	It is assumed 100% retention of employees.

The fair value of options awarded during the year is as follows:

Valuation date	EMI options	Unapproved options	Unapproved non–staff options	CSOP options	ISO options	Fair value per option	Fair value of holding
30/01/2018	–	–	–	–	44,938	3.72	167,169
31/01/2018	–	120,363	–	22,896	–	4.54	650,396
27/02/2018	–	–	–	–	35,507	4.42	156,941
28/02/2018	–	78,091	–	5,050	–	4.66	387,437
28/03/2018	–	–	–	–	19,422	4.02	78,076
29/03/2018	–	48,591	–	8,540	–	4.09	233,666
26/04/2018	–	–	–	–	18,012	4.19	75,470
27/04/2018	–	44,274	–	4,282	–	4.05	196,652
23/05/2018	–	–	–	–	10,416	4.77	49,684
24/05/2018	–	40,948	–	5,186	–	4.84	223,289
28/06/2018	–	–	–	–	21,504	5.02	107,950
29/06/2018	–	49,115	–	7,217	–	5.58	314,333
30/07/2018	–	–	–	–	54,988	5.31	291,986
31/07/2018	–	47,810	–	12,854	–	5.36	325,159
31/07/2018	–	1,789	–	–	–	5.49	9,822
30/08/2018	–	–	–	–	45,468	6.38	290,086
31/08/2018	–	53,615	–	16,977	–	6.91	487,791
10/09/2018	–	25,894	–	–	–	7.42	192,133
28/09/2018	–	75,020	–	11,522	–	7.41	641,276
28/09/2018	–	–	–	–	30,782	6.60	203,161
30/10/2018	–	–	–	–	27,751	4.83	134,037
31/10/2018	–	21,750	–	2,847	–	5.59	137,497
	–	607,260	–	97,371	308,788		5,354,011

The above options have the following different vesting conditions:

Option type	Vesting conditions
CSOP	CSOP Options vest 100% after 3 years.
Unapproved options	Unapproved options vest either over either 2 or 3 years, or 100% after 3 years.
ISO	ISO Options vest equally over 3 years.
EMI	EMI Options vest equally over either 2 or 3 years.

National Insurance on share options which will incur future National Insurance on exercise, is accrued in accordance with IFRS 2 from the point the options are granted over their vesting period. This accrual is then reviewed and amended at each subsequent balance sheet date using the fair value of the option at that date.

Assumption	Description and purpose
Volatility	In the absence of historic volatility data, expected volatility has been estimated using the volatility of comparable companies. The volatility used was between 30% and 31%.
Expected time to exercise	The expected time to exercise used was five years.
Dividends	It was assumed no dividend would be paid.
Option exercise price	The option exercise price determined was the share price at the date of the award for the US awards and the price on the day before the date of the award for the non US awards, in accordance with the US ISO option rules.
Risk free rate	The risk free rate applied was based on the five year UK government bond yields at the time of the valuation.
Retention of employees	It is assumed 100% retention of employees.

	2018 £m	2017 £m
Share-based payments	**3.0**	1.1
National Insurance on share-based payments	**1.0**	0.6
Total share-based payment charge	**4.0**	1.7

Notes forming part of the financial statements continued
for the year ended 31 October 2018

18 Reserves
The following describes the nature and purpose of each reserve within equity:

Reserves	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised.
Merger reserve	Amounts arising on share for share exchange.
Accumulated losses	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Foreign exchange reserve	Gains or losses arising in retranslation of the net assets of the overseas operations into sterling.

19 Leases
Operating leases – lessee
The Group maintains a number of short-leased properties.

The total future value of minimum lease payments is due as follows:

	2018 £'m	2017 £'m
Not later than 1 year	1.6	0.3
Later than 1 year and not later than 5 years	2.2	–
	3.8	0.3

20 Related party transactions
The key management compensation is disclosed in note 7.

Blue Prism Limited purchased £8,560 (FY2017: £7,712) of services from NCC Group, for whom Chris Batterham is a Non-Executive Director. At the year end a balance of £nil was due to the entity.

21 Post balance sheet events
The Group is looking to place approximately £100m (before transaction fees) by way of a primary fundraising. The Directors anticipate that approximately half of the proceeds of the Placing will be deployed in the current financial year to underwrite the Group's global growth activities and product development with the balance being used to further strengthen the Group's balance sheet and provide Blue Prism with the financial flexibility to address new opportunities as they emerge.

Specific areas of investment include:
- expanding the Group's sales reach to address the global market opportunity;
- investing in marketing initiatives to communicate the Group's value proposition clearly and effectively;
- continuing to invest in product such as further improvements to the Six Intelligent Automation Skills it has previously defined as critical to a truly intelligent workforce. The Group's R&D team will be engaged in both continuous product innovation and long-term research initiatives;
- investing in enhancements to the DX;
- continuing to develop the Group's customer initiatives by scaling the Customer Success function; and
- investing further in the Group's people, processes and systems to support international growth.

The Directors expect that these investments will increase EBITDA loss ahead of the levels guided to in the last trading update (announced on 27 November 2018) and should start generating incremental revenue during the financial year ending 31 October 2020.

22 Notes supporting statement of cash flows
Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2018 £'m	2017 £'m
Cash at bank available on demand	6.5	16.3
Short-term deposits	44.0	–
	50.5	16.3

23 Controlling party
At the year end the Directors are of the opinion that there is no ultimate controlling party.

Company statement of financial position
as at 31 October 2018
Company number: 09759493

	Note	2018 £'m	Restated 2017 £'m
Non-current assets			
Property, plant and equipment		**–**	–
Investment in subsidiary	5	**4.1**	1.3
Total non-current assets		**4.1**	1.3
Current assets			
Trade and other receivables	6	**10.2**	0.2
Cash and cash equivalents		**36.2**	8.4
Total current assets		**46.4**	8.6
Total assets		**50.5**	9.9
Current liabilities			
Trade and other payables falling due within one year	7	**1.0**	1.3
Total current liabilities		**1.0**	1.3
Net current assets		**45.4**	7.3
Net assets		**49.5**	8.6
Equity attributable to shareholders			
Called up share capital		**1.7**	1.7
Share premium		**50.2**	9.6
Merger reserve		**(1.4)**	(1.4)
Share based payment reserve		**4.3**	1.3
Retained losses		**(5.3)**	(2.6)
Total equity		**49.5**	8.6

The Parent Company reported a loss for the period of £2.7m (FY2017: £1.5m).

The financial statements of Blue Prism Group plc were approved and authorised for issue by the Board of Directors on 24 January 2019 and were signed on its behalf by:

Ijoma Maluza
Director

The notes on pages 76 to 78 form part of these financial statements.

Company statement of cash flows
for the period ended 31 October 2018

	2018 £'m	Restated 2017 £'m
Cash flows from operating activities		
Loss for the year	**(2.7)**	(1.5)
Adjustments for:		
Depreciation	**–**	–
Finance income	**–**	–
Share-based payment expense	**0.2**	0.1
	(2.3)	(1.6)
Increase in trade and other receivables	**(10.0)**	(0.2)
Increase/(decrease) in trade and other payables	**(0.4)**	0.4
	(12.9)	(1.2)
Cash generated from operations		
Income taxes paid	**–**	–
Net cash flows from operating activities	**(12.9)**	(1.2)
Investing activities		
Purchases of property, plant and equipment	**–**	–
Investment in subsidiaries	**–**	–
Interest received	**–**	–
Net cash flow from investing activities	**–**	–
Financing activities		
Issue	**41.9**	0.4
Cost of issue	**(1.3)**	–
Net cash from financing activities	**40.6**	0.4
Net increase/(decrease) in cash and cash equivalents	**27.7**	(0.8)
Cash and cash equivalents at beginning of year	**8.5**	9.3
Cash and cash equivalents at end of year	**36.2**	8.5

The notes on pages 76 to 78 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 October 2018

	Share capital £'m	Share premium £'m	Share based payment reserve £'m	Merger reserve £'m	Accumulated losses £'m	Total £'m
Equity as at 31 October 2016	1.7	9.2	0.3	(1.4)	(1.2)	8.6
Loss and total comprehensive income for the period to 31 October 2017	–	–	–	–	(1.5)	(1.5)
Exercise of Options – restated	–	0.4	–	–	–	0.4
Share based payment	–	–	1.0	–	0.1	1.1
Equity as at 31 October 2017 – restated	1.7	9.6	1.3	(1.4)	(2.6)	8.6
Loss and total comprehensive income for the period to 31 October 2018	–	–	–	–	(2.7)	(2.7)
Exercise of Options	–	1.9	–	–	–	1.9
Share based payment	–	–	3.0	–	–	3.0
Issue of shares	–	40.0	–	–	–	40.0
Cost of share issue	–	(1.3)	–	–	–	(1.3)
Equity as at 31 October 2018	**1.7**	**50.2**	**4.3**	**(1.4)**	**(5.3)**	**49.5**

The notes on pages 76 to 78 form part of these financial statements.

Notes to the Company financial statements
at 31 October 2018

1. Accounting policies
The Company has applied the Group accounting polices consistently during the period.

Basis of preparation
The financial statements are for the period ended 31 October 2018. 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 accounting policies set out in note 1 of the consolidated financial statements have been applied in the preparation of these financial statements.

Investments
The initial investment arising on the share for share exchange at the IPO was recognised at £nil in accordance with IAS 27.13 as Blue Prism Limited had net liabilities at the date of acquisition. Subsequent investments in subsidiary undertakings are stated at cost less any adjustments for impairment.

Changes in accounting policies
New standards, interpretations and amendments not yet effective
IFRS 9 *Financial Instruments*, effective for periods commencing on or after 1 January 2018. The impact of this standard is not considered material on these financial statements.

Changes to the accounting policy for national insurance on share based payments
The Company has amended its accounting policy for national insurance on share based payments following a Company review of the policy with regards to all available guidance. Following the adoption of this updated policy the Company is now accruing for national insurance as part of its share based payments charge in line with IFRS 2, in each accounting period. A prior year restatement has been made following this change in accounting policy.

The impact of the change in accounting policy on the consolidated income statement for 2017 is:

	2017 £'m
Total previous loss before tax	(1.3)
Share-based payments charge	(0.2)
Total adjustment to loss before tax	(1.5)

The impact of the change in accounting policy on previously reported total equity may be summarised as follows:

	2017 £'m
Total equity as previously reported	8.8
Re-statement for change in accounting policy	
Loss and total comprehensive income for the period	(0.2)
Total equity as restated	8.6

The impact of the change in accounting policy on the previously reported consolidated statement of financial position as at 31 October 2017 may be summarised as follows:

	As previously reported £'m	Impact of restatements £'m	Restated £'m
Trade and other payables	(1.2)	(0.3)	(1.5)

2. Loss for the year
As permitted by section 408 of the Companies Act 2006, the Parent Company has elected not to present its own profit and loss account for the year.

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

3. Financial instruments – risk management
The use of financial instruments and capital is managed by the Board to reduce the financial risks being faced, which primarily relate to credit and liquidity.

Credit risk
Financial instruments which potentially expose Blue Prism to credit risk consist primarily of cash equivalents. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Cash equivalents are deposited only with independent major financial institutions with minimum rating credit of "A".

Liquidity risk
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations, including balances due to wholly owned subsidiaries, as they fall due. The Group manages its cash requirements by preparing and reviewing cash flows to ensure working capital requirements can be met as required.

Financial instruments by category

Financial assets	2018 £'m	2017 £'m
Cash and cash equivalents	**36.2**	8.5
Amounts owed from Group undertakings	8.2	–
Total financial assets	**44.4**	8.5

Financial liabilities	2018 £'m	Restated 2017 £'m
Trade and other payables	**1.0**	0.6
Amounts owed to Group undertakings	**–**	0.9
Total financial liabilities	**1.0**	1.5

Capital risk management

The Company manages its capital to ensure that it will be able to continue on a going concern basis while maximising its long-term return to shareholders. The Company is not exposed to any externally imposed capital requirements and has no borrowings.

4. Employees

The average number of employees employed by the Company during the year was:

	2018 Number	2017 Number
Directors and Company Secretary*	**7**	7
	7	7

* This includes 3 Non-Executive Directors and the Chairman.

5. Investment in subsidiary

	2018 £'m	2017 £'m
Cost brought forward	**1.3**	0.3
Share based payments during period for employees of subsidiaries	**2.8**	1.0
Cost carried forward at 31 October	**4.1**	1.3

Details of the Group's subsidiaries at 31 October 2018 are included in note 12 of the consolidated financial statements.

6. Trade and other receivables

	2018 £'m	2017 £'m
Amounts owed from Group undertakings	**8.2**	–
Other taxes and social security	**1.6**	0.2
Prepayments and other debtors	**0.4**	–
	10.2	0.2

Amounts payable to Group undertakings are repayable on demand and unsecured.

7. Trade and other payables

	2018 £'m	Restated 2017 £'m
Amounts owed to Group undertakings	**–**	0.9
Trade creditors and accruals	**–**	0.2
Other creditors, taxes and social security	**1.0**	0.2
	1.0	1.3

Amounts payable to Group undertakings are repayable on demand and unsecured.

Notes to the Company financial statements

at 31 October 2018

8. Related party transactions

Blue Prism Group plc has a related party relationship with its subsidiaries and with its Directors and members of key management. There are no transactions with related parties who are not members of the Blue Prism Group. The remuneration paid to members of key management is disclosed within note 7 of the consolidated financial statements and remuneration of individual Directors is disclosed within the Directors' Report.

The following balances are due from/(to) wholly owned subsidiaries at the period end:

	2018 £'m	2017 £'m
Blue Prism Limited	8.0	(0.8)
Blue Prism Software Inc.	0.2	(0.1)
	8.2	(0.9)

During the year, the Company had the following expenses recharged from/(to) wholly owned subsidiaries as follows:

	2018 £'m	2017 £'m
Blue Prism Limited	–	–
Blue Prism Software Inc.	0.1	–
	0.1	–

Company information

Company number
09759493

Directors

Name	Position
Jason Kingdon	Chairman
Alastair Bathgate	CEO & Founder
Ijoma Maluza	CFO (appointed 25 January 2018)
Gary Johnson	Resigned 25 January 2018
Ken Lever	Non-Executive Director
Chris Batterham	Non-Executive Director
Charmaine Carmichael	Non-Executive Director

Company Secretary
John Warrick

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